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Agenda item 39

LAW OF THE SEA

Letter dated 7 December 1995 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General

I have the honour to submit the text of a document related to navigation through the Turkish Straits.

I should be grateful if the text of the present letter and its annex could be circulated as a document of the fiftieth session of the General Assembly under agenda item 39.

(Signed) Hüseyin E. ÇELEM
Ambassador
Permanent Representative

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ANNEX

Navigation through the Turkish Straits

1. The Turkish Straits, composed of the Sea of Marmara and the straits of Istanbul and of Çanakkale, are unique in many respects. These Straits, with a very narrow and winding shape, are one of the most hazardous, crowded, difficult and potentially dangerous waterways from the point of view of navigation in the world. Furthermore, they also bear unique physical, geographical, hydrological and oceanographic, and legal characteristics and complicated navigational conditions.

2. The Strait of Istanbul, which runs straight through the city of 12 million inhabitants, is approximately 31 kilometres long and 700 metres wide at its narrowest point. As it has several sharp turns, the ships are bound to alter course at least 12 times at these bends.

3. The Strait of Çanakkale is about 70 kilometres long, with a general width ranging from 1.3 to 2 kilometres. A very sharp course alteration is needed at its narrowest point.

4. The Sea of Marmara, between the Istanbul and the Çanakkale straits, is an internal body of water of Turkey, with a densely populated coastline, through which every transiting vessel has to pass.

5. The Turkish Straits are among the most crowded sea lanes in the world. Navigation in the Straits is highly congested by merchant traffic, coasters, fishing vessels and local traffic. This dense traffic includes the transport of noxious, dangerous and hazardous cargoes (011, liquified natural gas (LNG), liquefied petroleum gas (LPG), chemicals, other explosive and environmentally hazardous substances).

6. Approximately 50,000 vessels and more than 150 foreign warships transit the Straits per year. The number of local crossings by intra-city ferries and other shuttle boats is approximately 1,000 per day. This figure does not include the movement of transiting ships, leisure craft and fishing vessels. One and one half million people are daily on the move by way of sea crossing from one side to another in Istanbul.

7. Owing to many physical constraints, the Straits already present a bottleneck for maritime traffic. The risks and dangers associated with tanker navigation, maritime accidents and environmental catastrophes are further aggravated by the increase in density of traffic, tanker size and cargo capacity, as well as the nature of the cargo.

8. The Turkish Straits are among the very few straits which fall outside Part III of the United Nations Convention on the Law of the Sea, to which Turkey is not a party. As stipulated in article 35 (c) of the said Convention, passage through the Turkish Straits is regulated by a long-standing international agreement, namely the 1936 Montreux Convention regarding the Regime of Straits. The mode of passage which has been in effect in the Turkish Straits is clearly

different from the transit passage regime which has been developed throughout the Convention on the Law of the Sea.

9. Turkey is committed to the principle of freedom of navigation through the international straits. The essence of the freedom of navigation is that it should be exercised and implemented in safe conditions both for the navigators and for the inhabitants of the coasts bordering the Straits. Therefore, it is the right and indeed the responsibility of Turkey, as the only bordering country, to protect the public and the environment as well as to ensure the safety of navigation and the efficiency of traffic flow in the Straits. In line with this, since 1936 Turkey has on a number of occasions put into effect rules for regulating the traffic in the Straits, the most recent one prior to 1994 being the 1982 Istanbul Port Regulations.

10. With these considerations in mind, a set of regulations for maritime traffic in the Strait of Istanbul, the Sea of Marmara and the Strait of Çanakkale was promulgated on 11 January 1994 and entered into force on 1 July 1994.

11. All actions taken by Turkey have been completely in line with the Montreux Convention as well as the principles of general international law. The Montreux Convention, which affirms the freedom of navigation through the Turkish Straits, at the same time highlights Turkey's full sovereignty over the Straits area. The purpose of the new regulations is to ensure, to the extent possible, the safety of navigation while providing security to the inhabitants in and around the Straits area as well as the environment at the current dense level of maritime traffic.

12. Turkey, fully cognizant of its responsibilities, has submitted traffic separation schemes (TSS) in the Turkish Straits to the International Maritime Organization (IMO). The relevant bodies of IMO, the Subcommittee on Safety of Navigation and the Maritime Safety Committee (MSC), have fully discussed and adopted the TSS and a set of associated special rules and recommendations having relevance to the safe navigation of large vessels in the straits of Istanbul and Çanakkale, for the purposes of the TSS.

13. The special rules and recommendations adopted by MSC at its sixty-third session in May 1994 have a specific purpose and scope related to large vessels. The TSS and these associated rules and recommendations became effective on 24 November 1994. Both the TSS and the rules and recommendations were adopted by the nineteenth IMO Assembly, which took place between 13 and 24 November 1995.

14. IMO rules and recommendations are limited in scope. They are functional and pertain to specific situations with respect to the implementation of the TSS in the straits of Istanbul and Çanakkale.

15. On the other hand, the Regulations, which fall within national jurisdiction and therefore were not submitted to IMO, are comprehensive in scope and contain detailed provisions covering all aspects of traffic management in the whole area of the Straits, as well as rules to be applied to all vessels irrespective of their size.

16. In our times, it is not possible to consider, in the international law of the sea, the notion of "freedom of passage" independently from the notion of "safe navigation".

17. In addition, it is a fundamental principle of international law that the status of the maritime waters within a strait is in no way to be affected by the very fact that these waters are used for international navigation. The status of the Turkish Straits is such that they are internal waters. Turkey, taking into consideration the principles of freedom of passage and safety of navigation, as well as the spirit of the Montreux Convention, has enacted the Regulations for an orderly traffic management in the Turkish Straits.

18. Therefore, the Turkish Regulations are fully in line with applicable international law and freedom of navigation. The Regulations uphold the 1936 Montreux Convention and in no way infringe upon its provisions. They are not aimed at restricting or impairing the right of navigation in the Turkish Straits.

19. Had no regulations been adopted for passage through the Turkish Straits, accidents that could have happened not only would have endangered the densely populated urban areas and the environment, but also would have resulted in closure to traffic of the Straits for extended periods. That in turn would have impaired freedom of passage through the Straits.

20. Based on factual evidence, the record of implementation contains ample evidence to prove this.

21. Between 1 July 1994 and November 1995, 58,948 vessels passed through the Straits of Istanbul. One hundred sixty-four of them were large vessels, 15 per cent carrying dangerous cargo.

22. There has been a sharp and steady increase in the number of vessels using the Straits. In 1994, the daily average number of ships using the Straits was 77. This figure reached 90 vessels per day in 1994 and 132 vessels per day in the first 10 months of 1995. In October 1995, 4,166 vessels belonging to 57 countries used the Strait of Istanbul. The daily average was 134 vessels. Six hundred eleven of these were large vessels, 383 of which carried dangerous cargo, 207 being loaded tankers.

23. Despite the sharp and steady increase in the number and tonnage of vessels using the Straits, casualty rates have declined considerably recently, from 27 major accidents in 1993 to 17 in 1994. Eleven of them occurred prior to the new Regulations. In 1995, only four accidents took place in the Strait of Istanbul.

24. As for the issue of delays, the safe passage of a large vessel could be ensured by temporarily suspending the TSS and two-way traffic and instituting one-way traffic arrangements. This could only be accomplished by requiring waiting periods at the entrance to the Straits. In many instances, the vessels of the complaining States had to await the safe passage of vessels flying their own flag.

25. Having given this factual background on issues related to the Turkish Straits, I would now like to refer to the letter of Ambassador Lavrov of the Russian Federation, which was circulated as a document of the General Assembly (A/50/754) on 14 November 1995.

26. From the very beginning, the Russian side has attributed ill intentions to the Turkish side. These attributions are totally unfounded, all the more so in the light of the record of implementation. The Russian side appears, in words, to have a certain consideration for Turkey's concerns on issues of safety, yet acts with well-known political and economic motives, in total disregard of these legitimate concerns.

27. The letter presents a totally distorted view of the Maritime Traffic Regulations introduced by Turkey on 1 July 1994. By using very condensed and vague language, it intends to mislead those who are not very familiar with the issues involved.

28. Information requested for large vessels is simply necessary for scheduling the passage of such vessels in an orderly manner. In addition, the relevant provision of the 1989 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal has in fact been reflected in the Regulations. Furthermore, provisions of such international conventions as the Convention on the International Regulations for Preventing Collisions at Sea and the International Convention for the Safety of Life at Sea (SOLAS) have also been duly and adequately reflected in the Regulations.

29. There are no categorical restrictions in the Regulations for any type of vessel that is capable of passing safely through the Straits. But, for example, vessels not under command or restricted in their ability to manoeuvre could hardly be exempt in the Straits from the rules which are internationally deemed as necessary for the safety of navigation in other bodies of sea. Also, passage of vessels with an air draught above a certain height is physically constrained owing to the presence of two bridges in Istanbul.

30. Suspension of traffic exceptionally for brief periods such as for compulsory cases, and on reasonable grounds, is a necessity. As an example, a need may arise for laying sewage pipelines by the Municipality. In fact, the last time, a similar task was carried out by using a Russian vessel.

31. Vessels with air draught of between 54 and 58 metres will need to be escorted by tugboats to ensure that such vessels remain on course while passing under the two bridges, since the heights of the bridges are not uniform over their arches. Even a slight deviation of such a vessel would cause a collision. For the same reason and as is also stipulated in item 5 of the IMO rules, a vessel under tow may only pass through the Straits when being towed by a suitable tugboat of sufficient strength.

32. The basic information requested on the vessel and its cargo is required only for the purposes of managing the traffic flow efficiently and taking any measures that may be needed, such as suspending two-way traffic and regulating one-way traffic. Furthermore, items 1 and 2 of the IMO rules strongly recommend participation in this reporting system. In addition, in article 2 of the

Montreux Convention communication to the coastal State of information concerning name, nationality, tonnage, destination and last port of call is also provided for.

33. Any misunderstanding as to whether the definition of "vessels" includes warships has been sufficiently addressed in a note given to the Russian Federation and other interested parties who made such a request. Thus, the issue of which articles of the Regulations pertain to military vessels has been clarified. Hence, the terms of the Montreux Convention are totally upheld. Also, the principle of sovereign immunity and the precepts of international law concerning vessels of war are naturally unaffected. However, in the interest of safety of navigation, call point reports are highly appreciated.

34. The eighth and ninth paragraphs of the document (ibid., annex) are also replete with errors and distortions.

35. No "Turkish proposals" were declined in the May 1994 meeting of the IMO Maritime Safety Committee. The Russian side insists on confusing an explanatory note which had been presented by Turkey, with the draft rules and recommendations that were actually discussed and adopted by the MSC. In fact, the Turkish delegation actively contributed to the preparation of these rules, which in no way contradict or restrict the regulations.

36. The reference to the Black Sea Economic Cooperation Working Group on Transit is not relevant since the Regulations do not contradict the 1936 Montreux Convention.

37. In conclusion, the only constructive approach to the solution of the problem of ensuring the safety of navigation in the Straits is to abide by the rules and regulations in effect. Indeed, the traffic in the Straits is too dense and the risks involved are too high to allow for an "à-la-carte" usage. Moreover, not only the coastal State but also each of the user States has a vested interest in a managed passage in conformity with recent developments of international law and practice.

38. Turkey is and has always been receptive to suggestions for bilateral review of any complaints concerning the implementation of the Regulations. However, Turkey would be rather reluctant to enter into a debate with parties that choose to adopt confrontational approaches on this issue in international forums.

39. With these considerations in mind, I should also emphasize that the General Assembly of the United Nations is not the right forum to handle this purely technical issue.

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Fiftieth session
Agenda item 28
THE SITUATION IN BOSNIA AND HERZEGOVINA

SECURITY COUNCIL
Fiftieth year

Letter dated 7 December 1995 from the representatives of Bosnia and Herzegovina and Croatia to the United Nations addressed to the Secretary-General

We should be grateful if you would have the attached text of the Dayton agreement on implementing the Federation of Bosnia and Herzegovina and the annex thereto, of 10 November 1995, circulated as a document of the General Assembly, under agenda item 28, and of the Security Council.

(Signed) Ivan Z. MISIC
Chargé d'affaires a.i. of the
Permanent Mission of the
Republic of Bosnia and Herzegovina
to the United Nations

(Signed) Vladimir DROBNJAK
Chargé d'affaires a.i. of the
Permanent Mission of the
Republic of Croatia
to the United Nations

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Annex

DAYTON AGREEMENT ON IMPLEMENTING THE FEDERATION OF BOSNIA AND HERZEGOVINA OF 10 NOVEMBER 1995

I. General Principles

The complete establishment of the Federation of Bosnia and Herzegovina is an essential prerequisite for peace in Bosnia and Herzegovina. Without a strong and fully functioning Federation, as one of the two constituent entities of Bosnia and Herzegovina, the proximity talks in Dayton cannot result in a lasting peaceful settlement.

Twenty months after the adoption of the Federation Constitution, the process of strengthening the Federation and building trust between its constituent peoples has still not produced satisfactory results. We, the undersigned, have therefore agreed to radical steps to achieve the political, economic and social integration of the Federation.

The responsibilities and the organization of the Government of the Federation and the Government of the Republic of Bosnia and Herzegovina must be separated. While working together in a spirit of cooperation for the benefit of the population, neither government may interfere in the exclusive competencies of the other government. Without prejudice to the continuing sovereignty and territorial integrity of Bosnia and Herzegovina, the Government of the Republic must now transfer functions to the Government of the Federation in accordance with the Federation Constitution.

The Government of the Republic must retain only those functions that enable it to act as the government of the internationally recognised state of Bosnia and Herzegovina, in accordance with the Constitution of Bosnia and Herzegovina developed during the proximity talks in Dayton. All other functions will be transferred to the Government of the Federation.

In parallel, the existing civilian authorities and their organs in the areas of the Federation controlled by the HVO must now transfer all their functions to the Federation organs and be dissolved.

This Agreement shall be brought into conformity with a peace settlement for Bosnia and Herzegovina, when adopted.

In accordance with these principles, we have agreed as follows:

II. Decisions

A. Transfer of Responsibilities to the Federation

By 10 December 1995, we shall introduce in the Constituent Assembly of the Federation and the Assembly of the Republic legislation that encompasses the following provisions on the functions and powers of the Federation and Republic Governments, with a view to passage by 20 December:

1. One month after the adoption of this legislation, the Federation shall assume exclusive governmental authority on the Federation, cantonal and municipal levels in the entire Federation territory within the areas of its responsibilities.

2. For this purpose, there shall be within one month after the adoption of this legislation a complete functional separation of competencies between the governments of the Federation and the Republic.

3. The Government of the Republic shall keep those functions which enable it to act as the government of the internationally recognized state of Bosnia and Herzegovina. All other civilian functions of the Government of the Republic shall be transferred to the Government of the Federation within one month after adoption of this legislation. In addition, all functions of existing local civilian authorities and organs in the areas of the Federation controlled by the ARBiH shall be transferred to Federation institutions, and these authorities and organs shall be dissolved one month after adoption of this legislation.

4. In parallel with the transfer of functions from the Government of the Republic to the Government of the Federation, a transfer of all functions of existing civilian authorities and organs in the areas of the Federation controlled by the HVO to Federation institutions shall take place, and these authorities and organs shall be dissolved one month after the adoption of this legislation.

5. The responsibilities of the Government of the Federation and other constituent Federation institutions shall include:

- Defense
- Internal affairs
- Justice
- Finance (budget, tax administration, customs collection)
- Energy and industry
- Traffic and communications
- Commerce
- Agriculture
- Education, science and culture
- Refugees, displaced persons and social policy
- Health
- City planning, resources and environment.

6. The responsibilities of the Government of the Republic shall include:

- Foreign policy
- Foreign trade
- Customs policy
- Common monetary policy
- Finance (Republic budget)
- Immigration regulation and Republic citizenship
- International criminal law enforcement
- Common telecommunications
- Air traffic control
- Civilian coordination of the activities of the armed forces in the whole territory of Bosnia and Herzegovina.

7. The responsibilities as set out in paragraphs 5 and 6 above shall be brought into conformity with the functions as defined in a peace settlement for Bosnia and Herzegovina, when adopted.

Furthermore, the division of responsibilities as set out in paragraphs 5 and 6 above shall not diminish the military authority of the ARBiH or the HVO.

8. Ministers, Deputy Ministers and ministerial staff shall not hold offices in both governments.

Ministries shall be adequately staffed. Within one month after the adoption of this legislation the staff shall be newly appointed by the relevant Ministers and their Deputy Ministers. The staff composition shall duly reflect the composition of the population.

9. In accordance with Chapter I, Article 4 of the Federation Constitution, the capital of the Federation shall remain Sarajevo.

10. The President, the Vice-President, the Prime Minister and the Deputy Prime Minister of the Federation shall have a joint branch office in Mostar.

11. The following ministries of the Government of the Federation shall be located in Mostar:
- Commerce
- Traffic and Communications
- Energy and Industry
- Education, Science and Culture.

12. The Government of the Federation shall in general hold weekly sessions. Every fourth session shall be held in Mostar.

13. The inaugural session of the newly established Government of the Federation shall be held in Sarajevo and subsequently in Mostar one month after the adoption of this legislation. Senior officials of the witnesses of this Agreement shall be invited to the inaugural session.

B. **Fiscal, Customs and Budgetary Matters for the Federation**

1. We shall ensure that within five days after the signature of this agreement, the two existing payment systems in the Federation will be joined through the establishment of correspondent accounts among commercial banks and by linking these accounts through the bureaus of payments, using the Deutsche Mark as the common unit of account.

2. The Republic shall regulate the customs system and determine a joint customs policy.

Beginning with the 1996 budget year, customs shall be collected by the Federation Customs Administration on behalf of the Republic. An agreed proportion of customs revenues, up to a specified amount (which amount shall be defined in relation to the Republic budget needs) shall accrue to the Republic budget. By 10 December 1995, this proportion, the specified amount and a technical mechanism (using the bureaus of payments) that shall ensure immediate and direct funding of the Republic and Federation budgets shall be agreed upon between the Federation and the Republic, in consultation with the International Monetary Fund (IMF).

By 10 December 1995, a Federation Customs Administration will be established, within the customs system of Bosnia and Herzegovina. By that date, all internal customs checkpoints in the Federation will be eliminated and full freedom of movement shall be established.

The Republic may appoint representatives who shall be authorized to be present at every customs collection point along the international border.

3. A 1996 Federation budget shall be prepared jointly with the IMF during the upcoming IMF visit, and shall be presented to the Constituent Assembly of the Federation by 10 December 1995. The 1996 Federation budget shall not include military expenditures or social transfers.

4. The Federation Tax Administration shall be activated and shall begin to work one month after the adoption of the legislation referred to in section II A above.

5. Cantonal budgets, based on sales and corporate taxes and other revenue sources, shall be completed, if possible with international technical assistance, by 31 March 1996.

6. We hereby invite interested governments and international organizations to provide experts to assist the Governments of the Federation and the Republic and their organs with financial and administrative questions.

7. We shall conclude an agreement on the Central Bank in consultation with the IMF and in accordance with the Constitution of the Federation by 10 December 1995. This agreement shall be brought into conformity with a peace settlement for Bosnia and Herzegovina, when adopted.

8. International donations to Bosnia and Herzegovina shall be distributed in accordance with the division of responsibilities between the Federation and the Republic.

C. Cantons and Municipalities

1. All rulings of the Federation Arbitrator shall be implemented without delay.

2. All interim cantonal legislatures shall be convened by 1 December 1995. In addition, all interim cantonal government positions shall be filled by that date.

3. Those municipalities that have selected their five delegates to the interim cantonal legislatures by 1 December 1995 shall be represented in the interim cantonal legislatures. Those municipalities that have not yet selected their five delegates shall be represented upon the selection of their delegates.

D. Territory of the Federation

1. The boundaries of the Federation shall ultimately be defined in the peace settlement for Bosnia and Herzegovina.

2. The territories which are currently under control of the ARBiH/HVO, but which are not included within a Federation canton ("new territories"), shall be administered in accordance with the Federation Constitution. Interim municipal governments shall be established in the new territories in accordance with the provisions regarding these governments in the Federation Constitution and all other relevant agreements.

3. All pre-war inhabitants of the new territories shall be allowed free, unimpeded and immediate return to their homes of origin.

4. Immediately after the agreement on the delimitation between the two entities in Bosnia and Herzegovina in the final peace settlement, we shall conclude the negotiations on the cantonal and municipal arrangements for the new territories.

E. Refugees and Displaced Persons

By 10 December 1995, the Minister for Refugees and Social Policies and his Deputy Minister together shall establish a comprehensive and detailed plan for the return of refugees and displaced persons in the Federation territory. Implementation of this plan will begin immediately. We shall closely cooperate with the UNHCR in developing and implementing the plan.

This plan shall conform to any programme for the return of refugees and displaced persons developed pursuant to the final peace settlement.

F. Ambassadors

Within one month after the adoption of the legislation referred to in section II A, we shall implement the agreements reached in Zagreb on 11 September 1994 and at the Petersberg on 10 March 1995 regarding the appointment of Ambassadors.

G. Police

By 10 December 1995, we shall introduce in the Constituent Assembly of the Federation the Law on Internal Affairs of the Federation of Bosnia and Herzegovina with a view to adoption by 20 December, which shall be implemented one month after its adoption.

H. Defense

1. By 10 December 1995, we shall introduce in the Constituent Assembly of the Federation the Basic Defense Law, providing for a unified Federation Army above the corps level up to the Joint Command, with a view to adoption by 20 December.

2. We shall seek international assistance in converting the current joint staff to a Joint Planning Staff for all Federation Forces.

I. Mostar

1. The Memorandum of Understanding for the EU Administration of 6 July 1994 shall be fully implemented.

2. We agree on the principles for the Interim Statute for the City of Mostar as defined in the Annex which forms an integral part of this Agreement. We shall ensure that the Interim Statute for the City of Mostar shall be finalized on the basis of these principles by 31 December 1995. This Interim Statute shall preserve the unity of the city. Mostar shall have a single administration. The Interim Statute shall ensure the national, religious and cultural identity of the population within six City-Municipalities.

   In parallel to the adoption of the Interim Statute, we request the EU Administrator to issue a decree on the conduct of elections for the City Council and the City-Municipal Councils on the basis of the principles for the Interim Statute in the Annex. These elections shall take place no later than 31 May 1996.

3. In accordance with the guarantees of the Federation Constitution for human rights and freedoms, freedom of movement shall be implemented in Mostar as well as within the entire Federation territory.

   One month after the adoption of the legislation referred to in section II A of this Agreement, complete and unlimited freedom of movement for all citizens of Mostar shall be implemented.

   As a first step, existing regulations shall be fully implemented to take effect by 1 December, in order to provide:

- an unlimited number of crossings for women, children and men not of military age or military obligation, as well as simpler procedures for the crossings, without prior registration.

- unlimited and unobstructed access to the seat of the EU Administration of Mostar and of the Ombudsman for all citizens of Mostar.

- unlimited and unobstructed access to the Centre of Continual Medical Education (in West Mostar).

- unlimited and unobstructed access to the new training centre after its opening (in East Mostar).

- unlimited access for those who are invited to attend cultural and other events on either side.

The two Mayors of Mostar shall immediately begin implementing these steps in order to meet the agreed time limit.

4. The second phase of the United Police Force Mostar (UPFM) shall be implemented without further delay, notably:

- the establishment of joint headquarters (access to which will be policed only by joint patrols).

- unhindered recruitment of local police officers for the UPFM, who cannot be replaced without prior agreement of the EU Administration and the local administrations.

With the establishment of the new Federation Government, the third phase of the UPFM should start.

5. Forceful measures against organized crime shall be taken well before the newly established Federation Government is inaugurated.

6. In order to create the conditions for the return of refugees and displaced persons to their homes, the Decrees on Tenants' Rights of the EU Administrator shall be strictly respected and their implementation encouraged. To start the process of reciprocal return, a substantial number of displaced persons shall be immediately allowed to return to houses owned by them in Mostar, independently of any global solution within the Federation.

III. Reporting Obligations

Starting one week after the signing of this Agreement, we shall submit every two weeks joint reports on the implementation of this Agreement to the witnesses. In particular, we shall report on:

- Adoption of the draft legislation referred to in section II A of this Agreement by the Constituent Assembly of the Federation and the Assembly of the Republic.

- Concrete preparations for the establishment of the new Federation Ministries in Sarajevo and Mostar, both with regard to facilities and staff composition, as well as to the practical provisions for the necessary movement of ministerial staff.

- Steps undertaken to transfer the functions of existing non-Federation civilian authorities and organs to the Federation.

- Implementation of the Rulings of the Federation Arbitrator.

- Implementation of the agreements on the new territories.

- Implementation of the provisions on the merger of the two payments systems, the establishment of correspondent banking relations, the creation of the Federal Customs Administration, the Federal Tax Administration and the preparation of the Federation budget for 1996.

Preparation of the plan for the return of refugees and displaced persons, which we shall submit immediately after adoption, and progress in its implementation.

Signed at Dayton, Ohio on this 10th Day of November 1995, in the English, Bosnian, and Croatian languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

Alija Izetbegovic
President of the Republic
of Bosnia and Herzegovina

Kresimir Zubak
President of the Federation
of Bosnia and Herzegovina

Dr. Haris Silajdzic
Prime Minister

Jadranko Prlic
Deputy Prime Minister

The President of the Republic of Croatia endorses the provisions of this Agreement and shall assist in its full implementation.

Dr. Franjo Tudjman
President of the Republic of Croatia

Witnessed by:

Ambassador Wolfgang Ischinger
Federal Republic of Germany

Ambassador Richard Holbrooke
United States of America

Ambassador Fernandez de la Pena
Spanish EU Presidency

Hans Koschnick
EU Administrator Mostar

ANNEX TO THE DAYTON AGREEMENT ON IMPLEMENTING THE FEDERATION OF BOSNIA AND HERZEGOVINA

Agreed Principles for the Interim Statute for the City of Mostar

1. The legal and functional unity of the City of Mostar shall be preserved.

2. The territory of the City of Mostar shall comprise the whole area of the municipality of Mostar as it existed on 1 January 1991.

3. The City of Mostar shall be composed of six separate City-Municipalities. The boundaries of these City-Municipalities shall be defined in the Interim Statute for the City of Mostar.

4. The City-Municipalities shall have all those responsibilities that are not explicitly assigned to the City of Mostar in the Interim Statute.

5. The responsibilities of the City of Mostar shall include:

- Finance and Tax Policies if not otherwise regulated by Federation or cantonal legislation
- Urban Planning
- Infrastructure (Water, Electricity)
- Economic Policy if not otherwise regulated by Federation or cantonal legislation
- Public Transportation, including Railroad
- Mostar Airport

Additional responsibilities may be delegated to the City of Mostar by the City-Municipalities.

6. All other local responsibilities are in the competence of the City-Municipalities.

7. The City of Mostar shall be governed by a City Council. The six City-Municipalities shall be governed by City-Municipal Councils.

8. The City Council shall be composed of 48 members, of which 16 seats shall be reserved for representatives of the Croatian community, 16 seats for representatives of the Bosniac community and 16 seats for others. Of the 16 seats for others, 11 seats shall remain vacant for an interim period.

Each City-Municipality shall elect four members to the City Council. The remaining members of the City Council shall be elected on a city-wide list.

9. Each City-Municipal Council shall be composed of 25 members. The composition of the City-Municipal Councils shall reflect the composition of the population of the respective City-Municipality according to the 1991 census.

10. The members of the City Council and the City-Municipal Councils shall be elected in direct and free elections.

11. The City Council and the City-Municipal Councils shall elect their executive officers.

12. Any person age eighteen or older who is identified in the 1991 census as a permanent resident of the municipality of Mostar and who still has his or her permanent residence in the City of Mostar at the time of the elections shall be eligible to vote for and be elected to the City Council and the City-Municipal Councils.

Signed at Dayton, Ohio on this 10th Day of November 1995, in the English, Bosnian, and Croatian languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

Mijo Brajkovic
Mayor of West Mostar

Hans Koschnick
EU Administrator

Safet Orucevic
Mayor of East Mostar

Witnessed by:

Muhamed Sacirbey
Minister of Foreign Affairs
of the Republic
of Bosnia and Herzegovina

Gojko Susak
Minister of Defense
of the Republic of Croatia

Ambassador Wolfgang Ischinger
Federal Republic of Germany

Ambassador Fernandez de la Pena
Spanish EU Presidency

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GENERAL ASSEMBLY
Fiftieth session
Agenda item 44
THE SITUATION IN THE MIDDLE EAST

SECURITY COUNCIL
Fiftieth year

Letter dated 11 December 1995 from the Permanent Representative of Lebanon to the United Nations addressed to the Secretary-General

On instructions from my Government and further to our earlier letters concerning repeated Israeli attacks on southern Lebanon and the western Bekaa, I have the honour to notify you of a series of Israeli attacks that occurred in the second half of November 1995.

16 November 1995

At 1030 hours, land belonging to Arabsalim, Jarju' and Ayn Bu Siwar came under Israeli artillery bombardment.

At 1300 hours, Ayn al-Tinah mountain came under Israeli artillery bombardment.

At 1630 hours, land belonging to Qa'qa'iyat al-Jisr and Kafr Dijjal came under Israeli artillery bombardment.

At 1800 hours, Ayn al-Tinah mountain came under Israeli artillery bombardment.

17 November 1995

Israeli aircraft overflew the Iqlim al-Tuffah region.

At 0800 hours, Maydun and Ayn al-Tinah hills came under Israeli artillery bombardment.

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18 November 1995

Land belonging to Arabsalim, Jarju' and Bu Siwar came under Israeli artillery bombardment.

At 2015 hours, the southern hills of Ayn al-Tinah came under Israeli artillery fire.

19 November 1995

At 0530 hours, an Israeli military vessel seized a fishing boat with the following on board: Husayn Ibrahim Umays; Muhammad Hani Safi al-Din.

At 0930 hours, Israeli military aircraft overflew the Iqlim al-Tuffah region.

At 1530 hours, land belonging to Arabsalim, Jarju' and Ayn Bu Siwar came under Israeli artillery bombardment.

At 1630 hours, the southern hills of Ayn al-Tinah came under Israeli artillery bombardment.

20 November 1995

Israeli military aircraft overflew the areas of Nabatiyah and Iqlim al-Tuffah.

Land belonging to Tibnin, Haris, Kafra and Yatar came under Israeli artillery bombardment.

21 November 1995

Israeli forces, at sea off the coast of Tyre, seized a fishing boat with the following on board: Mahmud Ahmad Husayn; Husayn Na'im Ghanim; Hasan Na'im Ghanim.

Israeli forces bombarded land belonging to Zawtar al-Sharqiyah and Zawtar al-Gharbiyah, and the bombardment subsequently spread to land belonging to Qa'qa'iyat al-Jisr and Mazra'at Kafr Dijjal.

22 November 1995

At 1000 hours, Israeli forces bombarded land belonging to Bra'shit, Shaqra, Tibnin and Ayta al-Jabal.

At 1330 hours, Israeli forces bombarded Maydun hills and Tallat Abu Rashid.

At 1630 hours, Israeli forces bombarded land belonging to Arabsalim, Jarju' and Ayn Bu Siwar, which subsequently spread to the Mlita hills, Jabal Safi and the area around the banks of the Litani.

24 November 1995

The outlying areas of Marj Uyun came under artillery bombardment.

Land belonging to Ayta al-Jabal, Haddatha and Tibnin came under Israeli artillery bombardment.

25 November 1995

Land belonging to Tibnin, Bra'shit and Ayta al-Jabal came under Israeli artillery bombardment.

26 November 1995

At 0300 hours, land belonging to Zibqin, Hadiqin and Jabal al-Butm came under Israeli artillery bombardment.

At 0530 hours, the outlying areas of Kafr Tibnit, Zawtar al-Sharqiyah, Zawtar al-Gharbiyah, Mazra'at al-Hamra and the course of the Litani river came under Israeli artillery bombardment.

At 0800 hours, land belonging to Qabrikha, Tulin, Majdal Silm, Sawwanah, Khirbat Silm, Tibnin, Haddatha, Bra'shit and Mita al-Jabal came under Israeli artillery bombardment, and Israeli helicopters combed the wadis running from Majdal Silm and Khirbat Silm.

At 1310 hours, Israeli military aircraft carried out three successive raids over land belonging to Jba', Ayn Bu Siwar, the Mlita hills and Jabal Safi.

27 November 1995

At 0500 hours, land belonging to Arabsalim, Jarju', the Mlita hills, Jabal Safi and the course of the Zahrani river in Iqlim al-Tuffah came under Israeli artillery bombardment.

At 0600 hours, the southern hills of Mashgharah and the outlying areas of Ayn al-Tinah came under Israeli artillery bombardment.

At 1600, Israeli forces bombarded land belonging to Kafr Tibnin, Zawtar al-Sharqiyah, Zawtar al-Gharbiyah and Yuhmur.

28 November 1995

At 0400 hours, an Israeli military boat seized a fishing boat of the coast of Adlun, with the following on board: Muhammad Abd Ramadan; Muhammad Ali Rabab.

At 0700 hours, Israeli forces bombarded the land of Khirbat Silm, Jumayjimah, Shaqra, Bra'shit, Kabrikha, Tulin, Majdal Silm and Tibnin.

At 0730 hours, land belonging to Nabatiyah al-Fawqa, Kafr Tibnin, Zawtar al-Sharqiyah and Zawtar al-Gharbiyah came under Israeli artillery bombardment.

At 0900 hours, Israeli military aircraft overflew the regions of Nabatiyah and Iqlim al-Tuffah.

At 1030 hours, an official of Hizbullah was killed when a booby-trapped car exploded in Jibshit.

At 1130 hours, Israeli forces bombarded land belonging to Zibqin, Majdal Zun, Mansuri, Gharbah, Qulaylah, Siddiqin, Jibal al-Butm and Ramadiyah.

Simultaneously, Israeli military aircraft overflew the area, and Israeli military boats were observed off the coast between Naqurah and Funduq al-Mu'nis.

At 1145 hours, Iraqi military aircraft overflew the Bint Jubayl region and dropped five rockets on Wadi al-Ayshiyah between Khirbat Silm and Majdal Silm. They returned at 1230 hours and dropped two rockets at the same place.

At 1230 hours, Nabatiyah and the eastern sector of Kafr Rumman came under Israeli artillery bombardment. Israeli helicopters carried out three successive raids over the abandoned Army barracks in Nabatiyah.

29 November 1995

At 0830 hours, land belonging to Kafr Tibnin and Nabatiyah al-Fawqa and the area around the abandoned Lebanese Army barracks in Nabatiyah came under Israeli artillery bombardment. Israeli forces also bombarded land belonging to Khirbat Silm, Majdal Silm and Sawwanah.

At 1030 hours, land belonging to Arabsalim, Jarju', Ayn Bu Siwar, the Mlita hills and Jabal Safi came under Israeli artillery bombardment.

At 1515 hours, Israeli military aircraft carried out a raid over Jabal Ayn al-Tinah and then returned and carried out a second raid in the same place at 1600.

At 1600 hours, two shells were fired at the hills of Mazra'at al-Fahd.

30 November 1995

At 0630 hours, Bra'shit, Shaqra, Haddatha, Yatar, Kafra, Ayta al-Jabal and land belonging to Tibnin, Haris, Jumayjimah and Majdal Silm came under Israeli artillery bombardment, and private schools and shops were closed.

The Lebanese Government strongly condemns the continuation of the Israeli attacks that have caused enormous damage to property and strongly condemns the arbitrary practices against civilians. This new series of attacks comes in addition to earlier attacks and constitutes a blatant attack on the sovereignty and independence of Lebanon and a new and flagrant violation of international law and fundamental human rights.

I request you to have this letter circulated as a document of the General Assembly, under agenda item 44, and of the Security Council.

(Signed) Samir MOUBARAK
Ambassador
Permanent Representative

UNITED
NATIONS

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Agenda item 20 (b)

STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: SPECIAL ECONOMIC ASSISTANCE TO INDIVIDUAL COUNTRIES OR REGIONS

International cooperation and assistance to alleviate the consequences of war in Croatia and to facilitate its recovery

Report of the Secretary-General

1. The present report and its annex are submitted pursuant to resolution 49/21 G of 20 December 1994. In that resolution, the General Assembly, inter alia, requested the Secretary-General to appoint, within existing resources, a fact-finding expert mission for Croatia to assess the extent of war damage and its consequences for its infrastructure, resources, environment and individuals, and to consider the needs in order to assist the Government of Croatia in preparing a programme for the rehabilitation, reconstruction and development of Croatia, and to introduce, if appropriate, an international appeal for its funding; and also requested him to submit to the Assembly at its fiftieth session a comprehensive report on the implementation of the resolution.

2. Pursuant to that request, I appointed a Technical Fact-finding Mission, which visited Croatia from 22 October to 5 November 1995 and held wide-ranging consultations with interlocutors within and outside the Government.

3. The consequences of over four years of war in Croatia are extensive, embracing physical, material, environmental and human damages. During the period there have been significant shifts of population, some temporary in nature but others likely to be permanent. The present report must therefore be considered in conjunction with recent reports that I have submitted to the Security Council and the General Assembly (S/1995/386, S/1995/467, S/1995/650, S/1995/730, S/1995/835, A/50/648 and S/1995/987), as well as the report by the Special Rapporteur of the Commission on Human Rights, Mrs. Elizabeth Rehn, on

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the situation of human rights in the territory of the former Yugoslavia (A/50/727-S/1995/933).

4. International cooperation and assistance to alleviate the consequences of war in Croatia presupposes that there will be no further hostilities and that all parties to the hostilities will comply fully with the peace agreements they have voluntarily signed. In this regard, the Basic Agreement on the Region of Eastern Slavonia, Baranja, and Western Sirmium (see A/50/757-S/1995/951), which was signed at Zagreb and Erdut on 12 November 1995 between the Government of Croatia and the local Serb representatives in the presence of the United Nations mediator and the United States Ambassador to the Republic of Croatia, is particularly important. Its implementation in good faith by the parties and without further recourse to violence would contribute significantly to the restoration of peace and successful economic reconstruction in Croatia.

5. The report of the Technical Fact-finding Mission is attached (see annex).

ANNEX

United Nations Technical Fact-finding Mission to Croatia
22 October - 5 November 1995

I. INTRODUCTION

1. The United Nations Technical Fact-finding Mission included representatives of the following United Nations agencies and offices: the Food and Agriculture Organization of the United Nations (FAO), the United Nations Confidence Restoration Operation in Croatia (UNCRO), the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Volunteers (UNV). Technical experts were provided by the Governments of France, Germany, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The European Community Monitoring Mission (ECMM) in Croatia provided its senior economist. The Team Leader was provided by UNDP (see appendix I).

2. In order to assess the extent of war damage and its consequences on infrastructure, resources, environment and individuals, and to consider the needs in order to assist the Government of Croatia in preparing a programme for the rehabilitation, reconstruction and development of the country, the Technical Fact-finding Mission visited a number of regions, towns, war-damaged territories and facilities (see appendix II).

3. In preparation for the Mission, the Team Leader held preliminary meetings in Zagreb from 11 to 13 July 1995 with officials of the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry for Reconstruction and Development and the Ministry for Refugee Affairs. However, military operations and their results from August to October 1995 delayed the dispatch of the Mission. During that period the Government of Croatia, together with the United Nations system and ECMM, provided additional information to the Technical Fact-finding Mission, including information concerning war damage resulting from the renewal of hostilities in the summer months.

4. The United Nations Fact-Finding Mission underlines the importance of a transformation of present humanitarian relief assistance into longer-term development programmes, in particular in areas damaged as a consequence of war. In order to assist the Government in preparing a programme for rehabilitation, reconstruction and development in Croatia, specific information in the present report refers to the most severely affected areas. The Mission received the full cooperation of the Croatian Ministry for Reconstruction and Development and worked closely with the United Nations Peace Forces (UNPF)/UNCRO, UNHCR, UNICEF and WHO. Administrative and logistical support was provided by UNPF/UNCRO. In addition, excellent relations were maintained with ECMM, which provided specific details of the Community's humanitarian programmes and present activities aimed at alleviating the effects of war and its consequences upon all peoples in Croatia.

5. The war and its human and economic consequences have adversely affected the Government of Croatia's intended economic transformation from a planned to a market economy. Military actions have resulted in a serious reduction in social and economic circumstances and there have been major displacements of population, both within Croatia and to and from adjacent countries. The return of those refugees and displaced persons who wish to do so, in conditions of safety and dignity, should be a priority issue in the rehabilitation and reconstruction efforts. There is also a need to assess the impact of demobilization of the armed forces and the return of male workers to the currently diminished economy. In addition, the agricultural sector in Croatia includes many small farms and their subsistence earnings are important to the life and culture of the country. Four years of military conflict and deliberate ethnic violence have seriously dislocated this traditional aspect of the Croatian economy.

6. In the war-affected areas a major factor in the restoration of the economy and the quality of life for the population at large will be the need for a demining programme for the removal of the mines present in large areas of the country, including agricultural land, roads, villages and on many industrial sites. The presence of approximately 2 to 4 million mines will seriously limit reconstruction, investment and development. As this matter is recognized by the international community and Croatia as a major priority, funds and an appropriate plan of action for their removal should be prepared at an early date.

II. AN OVERVIEW OF THE ECONOMY OF CROATIA

A. Economic framework of Croatia prior to 1991

7. Croatia was one of the republics of the former Socialist Federal Republic of Yugoslavia, which had established an integrated and autarchic economic system. The centralized planning process and the economy were maintained by the Federal Government, which controlled the majority of fiscal issues and had exclusive competence in foreign trade relations. The planning instrument for military and civilian goods was determined by the Federal Government which developed short-, medium-, and long-term plans that had to be fulfilled by the republics.

8. Interdependencies and regional-oriented integrated systems were created in the fields of electricity supply, water management and the oil industry. There were various joint ventures in industrial production and services, especially in trade, traffic and tourism, with the other republics and they made important contributions to the Croatian economy. The Croatian share of the GDP of the former Yugoslavia at the end of 1990 was assessed at approximately 30 per cent (10 billion United States dollars), whereas the territorial share amounted to 22 per cent (56,538 sq. km.) and the population of Croatia (4.8 million, 1991 census) was 20 per cent of that of the Socialist Federal Republic of Yugoslavia. Agriculture, the textile industry, the service sector and a large military complex were at the basis of the economy. The shipbuilding industry ranked third or fourth in world-wide activity. The main economic relations were with the former Eastern bloc, especially the former Union of Soviet Socialist

Republics. The main barter trade with the USSR consisted of imports of oil and gas in exchange for exports of Croatian services. A severe economic crisis occurred from 1983 to 1987, with certain improvements being achieved during the period from 1989 to 1990, which saw the launching of an economic reform programme. At independence, Croatia inherited approximately 2.8 billion of the foreign debt of the former Yugoslavia.

B. The current economic situation of Croatia

9. With the onset of war in 1991, Croatia experienced an economic recession during the period 1990-1992, including a decrease in production, combined with hyperinflation. In response, the Government initiated a stabilization programme in October 1993, which brought cooperation with the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) regarding financial arrangements. Despite an increasingly negative balance of payments, Croatia maintained a "zero inflation" policy. It should be recognized that the use of public expenditures for reconstruction and other requirements may breach the restrictive monetary policy and generate a new wave of inflation. While positive economic growth of 1 or 2 per cent has been achieved, overall industrial production is at present only 50 per cent of that achieved in 1990. The process of transition to a market economy, including the required structural changes within the banking sector, remains slow. This trend has a negative effect on the establishment of entrepreneurial institutions.

10. The outbreak of military conflict in 1991 necessitated the restructuring of the economy into a war economy. An immediate effect was a decline in GDP from approximately $14 billion to approximately $10 billion in 1993 (GDP per capita was $2,500). Owing to a lack of investments, industrial production, services, aggregate consumption and trade decreased annually. This decrease may be seen in the light of the decline of main economic indicators during the period 1990-1995: GDP -31 per cent, industrial production -44 per cent, construction -56 per cent, agriculture -31 per cent, tourism -62 per cent, employment -33 per cent, and an unemployment increase of 51 per cent.

11. During the first quarter of 1995, the economy showed signs of improvement, with an increase of GDP to approximately $14 billion per annum and a stabilized inflation rate of approximately 2 per cent per annum, including a slight improvement in growth rate. War and its direct effects hindered tourism, created increased transportation costs and affected the development of industrial output. Additionally, the financing of the military-industrial complex and programmes for displaced persons and refugees from the State budget decreased funds for the development of the economy.

12. Results of the recent recovery of territory may include the revival of tourism along the Dalmatian coast, increased agricultural production and re-establishment of trade with the eastern part of Croatia and other regions. These events should assist the overall revival of the economy and an increase in GDP by positive industrial growth rates, greater investment, higher consumption, improvements in the balance of payments, and an increase in the labour market.

13. Difficulties in the improvement of overall living conditions are unavoidable, as Croatia faces structural problems in all sectors of the economy. The balance of payments continues to be negative, because of a shortage of skilled labour in all sectors of the economy. For the present, Croatia is likely to experience lack of foreign capital, an overvalued domestic currency and continued financial burdens in support of a military-oriented State budget. The problems of Eastern Slavonia (Sector East) include economic, humanitarian and resettlement questions, and their successful solution is necessary if foreign capital investment is to be encouraged.

C. Assessment of war damage by sectors and areas of Croatia

14. Since the beginning of the war in 1991 to the present, Croatia has faced severe direct and indirect war damage. According to the Government, the present estimated damage amounts to approximately $22 billion. Military events in May and August 1995 led to further damage costs. Damage associated with the new destruction is further estimated by the Government to amount to approximately $5 to 8 billion, including collateral damage. This estimate does not include the cost of human casualties. There are further losses of revenue, environmental damage and increased social costs that are difficult to quantify. The Government provided the Mission with information indicating that investments in support of rehabilitation and reconstruction have amounted to approximately $1 billion. The largest expenditures were for housing (24 per cent), roads (21 per cent) and industry (13 per cent). From the financial point of view, the Croatian budget provided 19 per cent of the total amount, the Croatian Credit Bank for Reconstruction 28 per cent and terminal users' funds amounted to 17 per cent.

1. Region South (Knin, Zadar, Dubrovnik, Split) a/

15. The Dalmatian coastline to the border with Bosnia and Herzegovina traditionally comprised two distinct areas in terms of their contribution to the Croatian economy: the Dalmatian coast is the dominant tourist area, while the other portion of the coastal area includes shipbuilding, with main centres in Dubrovnik, Ploče, Split and Zadar. There is a minor role for agriculture in support of tourism and the local economy.

16. The immediate effects of the beginning of the war in 1991 were as follows: the tourist market was depressed as a result of the lack of security; many hotels and private accommodations were occupied by displaced persons and refugees; commercial and communication links were immediately cut from the north; and routes inland towards Bosnia and Herzegovina were blocked. The small agricultural sector continued as best it could. War damage affected electricity, water supply, roads and telecommunications, and there was much destruction of buildings and housing. In the former Sector South, the most

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a/ For the purposes of the present report, "Region South" comprises the Dalmatian coast as well as the former United Nations Protected Area known as Sector South.

seriously affected towns have been Otočac, Gospić and Knin. The Mission team viewed these damaged areas and it was clear that most of the destruction was caused by looting and burning. In the same area, the four years of military conflict have resulted in a lack of maintenance of the infrastructure, which now functions poorly. The roads and the main railway are still in good condition, but the main roads are neglected, industrial factories have been damaged by the war and have either not been in production since 1991 or no longer function owing to the lack of maintenance. For the tourist industry to be revived, roads will have to be repaired and general infrastructure improved.

2. Region North (Karlovac, Petrinja, Sisak, Glina)

17. This region, which corresponds to the former United Nations Protected Area (UNPA) Sector North, is a productive area. There is a strong agricultural sector, including processing of farm production, as well as metallurgical and mining industries. The damage resulting from war has created serious problems affecting the tourist sector. Regional roads and the bridges at Stremen and Petrinja require repairs at a cost of $300,000. In addition, many industrial plants have suffered severe military-related damage. The main industrial complex Gavriloviae in Petrinja suffered superficial damage and production was resumed in October 1995. Sectors South and North directly contributed only 2 per cent to Croatian GDP. Development within these sectors is important for the revival of tourism and the re-establishment of road and rail links to the Dalmatian coast is needed for the growth of industry and for recreational purposes.

3. Region West (Pakrac, Lipik, Slavonski Brod)

18. The economic importance of this region lies in the east-west links (Zagreb-Belgrade Highway), railway (Zagreb-Slavonski Brod-Belgrade) and river navigation (Sava), and the interconnection of the eastern oil and gas fields with the processing refineries in Sisak, Zagreb and Rijeka.

19. The 1991 hostilities disrupted the east-west transportation links, including railways, highways and river navigation, and the oil field in the eastern region was seriously affected. Production at the Sisak refinery was affected negatively by the interruption of the Adriatic oil pipeline. Important bridges suffered war damage, including the Lipik bridge, which was replaced at an approximate cost of $21,000; the Mlaka bridge was restored at a cost of $47,000 and the Brusnik bridge was repaired for $55,000. Recent financial estimates by the Government regarding war damages relating to the western region of Croatia amount to approximately $1.2 billion and assessed damage to State-owned and private enterprises is approximately $140 million. The Sisak refinery suffered heavy damage by military shelling and at present operates only at 50 per cent of capacity to meet local demands, which have been reduced because of the loss of markets in Bosnia and Herzegovina and Serbia.

4. Region East (Vukovar, Osijek, Erdut)

20. The living standards in this region were relatively high prior to 1991 but the subsequent war, with its significant destruction, emigration of skilled labour and the influx of refugees and displaced persons, created a highly dependent economic and social system. Living conditions are bad as the war extensively destroyed production centres, including the town of Vukovar, resulting in widespread unemployment.

21. The major economic asset in this area is the production of oil and gas. The oil fields of Deletovci and Ilaea, together with the field of Privlaka in Croatia, were previously capable of producing 950 tons per day when the conflict began in 1991. However, according to recent information from officials of the Naftna Industrija Krajine (NIK), Deletovci and Ilaea are now operating at 50 per cent of capacity, although there continues to be a lack of maintenance and spare parts. This reduced production meets only 30 per cent of local requirements: NIK provided 20,000 tons of diesel for agriculture in 1994, with the total consumption estimated at 100,000 tons. There are indications of additional fuel available in Region East as a result of black market operations.

22. The main companies in Region East are Borovo (footwear and rubber industry), Vuteks (textile industry) and Vupik (agriculture). Each was a major employer before the outbreak of war, able to compete in international markets. At present each is functioning at 10 per cent of production capacity or less. Transportation costs have increased significantly as the war situation has affected traditional trade patterns of the whole region. As a mainly agricultural area, Region East is able to survive as a closed economy for a considerable time. However, industrial production and supporting agricultural production is minimal, and machinery for both agricultural and industrial use is obsolete. There is no food shortage, as the fertility of the land ensures an adequate food supply.

23. Specific examples of war damage include the following:

(a) Ploče port. The port was developed towards the end of the 1980s as a strategic communication trade link with Bosnia and Herzegovina serving the needs of the steelworks at Zenica, electrical production at Sarajevo, aluminium production at Mostar, together with timber and general trade with Bosnia and Herzegovina. The pre-war volume of transhipped goods was approximately 4.5 million metric tons. The port was supported by the principal rail link northwards via Mostar and Sarajevo, with connections to Hungary and Serbia. War damage is minimal, confined to the military shelling damage to the cargo terminal buildings, dockside cranes and mechanical handling equipment. The future development of the port will require extensive civil engineering efforts, including the stabilization and drainage of the existing goods storage areas. There is a need for the upgrading of local services, including water supply and electricity. The improvement of the sewage treatment plant will be required to preserve the local environment. The future development perspective is excellent, based on the re-establishment of trade and traffic relations with Bosnia and Herzegovina and the regaining of former markets;

(b) Zemunik (Zadar) airport. The international airport has suffered extensive damage and the local authorities have provided estimates for repair and renewal of the facility at approximately $7 million. Immediate repair work is required for two runways and the passenger terminal, which at present is totally destroyed, and the cargo terminal needs extensive repair. Figures available prior to 1991 indicate that the passenger traffic was approximately 160,000 persons annually, including tourists and commercial travellers. The airport will play a prime role in the revival of the local economy, with emphasis on tourism within the Zadar region;

(c) Obrovac hydroelectric power station. This facility comprises two 150 megawatt reversible generator and pumping units designed for pumped storage. At present, one generator is functioning, with the other generator undergoing maintenance. The full power capacity is restricted by two factors, the repairs needed to the war-damaged transmission line, and civil engineering requirements for the repair of the water accumulation facility;

(d) Sisak refinery. The refinery is presently working at 50 per cent of capacity, as it has suffered significant direct war damage affecting tank farm storage facilities, transfer pipelines and general infrastructure. The current production is achieved only with temporary and inadequate repairs. The technology utilized is outmoded and requires the application of new technology to have the refinery meet current European standards;

(e) Vukovar water supply. War damage to Vukovar is severe, affecting 80 per cent of all buildings and industrial complexes, including the port facility, as each received direct damage from military action. The water treatment plant is not functioning in an appropriate manner owing to the lack of pumping capacity from boreholes and water treatment efforts in the handling of intake from the Danube River is inadequate. The quality of water in current supply is not of a high standard. The water leakage from the distribution network is estimated at a loss of 50 per cent;

(f) Duro Dakoviae metal-processing industry. The largest metal-processing industry in Croatia, Duro Dakoviae, is located in Slavonski Brod. It is a holding company of 15 factories, producing industrial machines, power supply machines, traffic and transport equipment, agricultural machinery, processing equipment, welded containers and steel construction. In addition, production of concrete, animal foods, edible oils, chemical and petrochemical equipment, as well as engineering and consultancy activities are also undertaken there. This industrial complex is the major employer, with approximately 10,000 employees. The future privatization of this industry remains a serious question currently under review by the Government of Croatia as it has been estimated that there would be a 50 per cent decline in total numbers of employees upon privatization. The current gross productive financial turnover is approximately $300 million. The team observed that the industrial site maintenance is poor, and noted small-scale war damage;

(g) Borovo footwear and rubber industry. The Borovo factory, situated near Vukovar, was the largest industrial plant in its field of production in the former Yugoslavia. Before the 1991 war, this firm employed approximately 23,000 workers and had a large retail chain. The turnover in 1990 amounted to

$150 million. Direct war damages are high, with official statistics indicating the destruction of production facilities costing approximately $200 million. The damage affecting infrastructural facilities, including roads, water supply systems and social facilities, is estimated at $120 million. This infrastructure was an integral part of the plant, as under the State economy these facilities were provided to the workers. It is verified that the war damage has reduced the current production level to 10 per cent of capacity. The war has caused a rupture in former import and export trade links in the west and east. The war damage and its direct effects have resulted in a significant decline in employment, as the factory is currently employing approximately 3,200 persons, of whom 70 per cent are women. The factory board invested, during the period of military conflict, approximately $100 million in the facility in order to maintain limited production. The direct and indirect war damage is extremely high, reflecting heavy fighting in Vukovar and the surrounding communities. The return of peace will provide an opportunity to establish new markets, both for importing raw material as well as for the export of finished products;

(h) Vuteks textile factory. Prior to the outbreak of war in 1991, this factory had an important role within the economy in Eastern Slavonia. This firm employed approximately 1,300 workers, mostly female, producing blankets and sport uniforms. At present there are approximately 475 employees and the production is 20 per cent of the pre-war capacity. Local authorities estimate war damage to the factory at approximately $70 million, including buildings, machinery and houses for the workers. There is a request for external financing of $66 million for modern weaving machinery to achieve European standards of production;

(i) Stara Gradiška bridge ("Bridge of Life"). The Stara Gradiška bridge is an important bridge over the Sava river between the former Sector West and Bosnia and Herzegovina. It suffered destruction during the military activities of May 1995. In the same area, an adjacent bridge of reinforced concrete was destroyed in military actions during August 1995. The estimated costs for repairing and reconstruction are as follows: Stara Gradiška bridge, approximately $1,775,000, and for the land side of the bridge, approximately $142,000;

(j) Slavonski Brod bridge. The Slavonski Brod bridge, a steel framework bridge over the Sava river, is near the Stara Gradiška bridge. The bridge, destroyed during the war in 1991, carried both railway and road traffic. Its length was between 300 and 330 metres, with a width of approximately 14 metres. The bridge was constructed with two pillars on the Croatian side and reinforced concrete construction on the Bosnian embankment. The cost of reconstruction is estimated by the Government at $2,113,500;

(k) Railway station in Slavonski Brod. The infrastructure of the Slavonski Brod railway station was partially destroyed during a long period of shelling. Damage to tracks, road bed and to the railway station building was observed by the Mission. The Government has undertaken immediate cleaning and reconstruction efforts. The railway is important as it is a direct line from Zagreb to Slavonski Brod and further to the east.

D. Effects of the war on individuals

24. The massive movements of population within and outside Croatia and the region have been a major component of the tragedy affecting the people of the former Yugoslavia. Basic issues to be considered in this regard include the following:

(a) The most significant consequence of the war in the former Yugoslavia has been the massive displacement of the population. In Croatia, there are currently more than 400,000 displaced persons and refugees. Providing assistance to these large numbers of people has been a major burden on the international community and the Government of Croatia. The impact of this financial support has also had a substantial negative impact on Croatia's war-torn economy;

(b) Support for the return of all displaced persons and refugees to their homes, as well as their self-reliance, must be an integral part of the process of reconstruction and economic recovery of Croatia;

(c) Physical and economic reconstruction must be undertaken within the context of an overall return to peace. The team identified small-scale projects to promote reconciliation for people in the areas of Donji Lapac, Vojnić, Pakrac and Okučani;

(d) It is recognized that, in order to foster reconciliation, the Government of Croatia should investigate cases of personal and property abuses documented by the United Nations human rights action teams. Similarly, the suspension or repeal of the Government's Decree on the Temporary Seizure and Management of Certain Property, enacted on 4 September 1995, will have a positive confidence-building effect;

(e) Croatia should reaffirm its support for and take necessary measures to guarantee human rights for all its citizens, irrespective of ethnic origin. The right of refugees and displaced persons to return to their homes and to retrieve their property or to receive equitable financial compensation should be a cornerstone of future policy. Equal access to humanitarian aid, including such items as food, medical care, firewood and pensions will be needed. The issuing of citizenship papers by Croatian authorities would expedite the application of these measures. Similarly, the utilities network should be restored for the common benefit of all communities and access to water, electricity and heating granted without discrimination;

(f) The Government of Croatia should be encouraged to adopt a positive policy regarding the settlement in Croatia of refugees and displaced persons. These actions should include displaced persons living within the borders of Croatia, ethnic Croats residing in third countries and ethnic Serbs displaced in 1995 from the territory of Croatia. None of these aspects can be taken in isolation when considering assistance by the United Nations system. In addition, consideration should be given to the return of Croat refugees now residing in Western European countries;

(g) The United Nations upholds the principle that all displaced persons and refugees have an equal right to return to the place of their former residence. A significant increase in the number of refugees and displaced persons occurred during the Croatian military offensives in May and August 1995. These specific displacements include approximately 200,000 Serbs who have resided in Croatia for centuries. A matter of concern is that the aforementioned decree of 4 September 1995 on the management of certain property does not facilitate the settling of property claims, as it is difficult for persons residing abroad to establish their legal rights. It is hoped that the Government will review this matter and expedite procedures to permit all citizens to submit their legal claims for property and personal rights within the Croatian legal system (see in this connection the forthcoming report on the human rights situation in Croatia submitted pursuant to Security Council resolution 1019 of 9 November 1995);

(h) The issue of property, including support to the rehabilitation and reconstruction of housing, within the context of war-related damage, must include financial and legal measures to benefit all peoples. Current government policy and criteria for the allocation of public loans for reconstruction should be reviewed in order to ensure an equitable application for all people. According to United Nations reports, Croatian Serbs have not yet received housing loans in Western Slavonia;

(i) As UNHCR does not directly provide assistance to internally displaced persons, it is hoped that the Government of Croatia will continue to take responsibility for the provision of needed care for the same group, possibly with a continuation of funding from the European Community Task Force (ECTF) in the form of basic food and hygienic items. UNHCR will continue funding activities in support of the most vulnerable groups, including community-based social service projects throughout Croatia designed to assist persons most seriously affected by the war;

(j) There is great concern regarding the remaining Croatian Serb population in the former Sectors North and South, most of whom are elderly or handicapped. There is an immediate need for the Government to expand medical and other social services and food supply to support their living conditions, in cooperation with UNCRO, ECMM, ECTF and non-governmental organizations. In that context, the Mission was able to observe the difficulties faced by elderly Croatian Serbs, living in isolation and desperate conditions, as the issuance of identity cards by the Croatian authorities, directly affecting their access to public services, including needed medical care, appeared to be delayed. It is hoped that the Government will undertake immediate action to rectify the situation;

(k) The area referred to as the Krajina, which was the object of military offensives in May and August 1995, comprises all of the former UNPA Sectors North and South and part of the former UNPA Sector West. According to accepted international monitoring estimates, the military offensives of May and August 1995 resulted in more than 200,000 displaced persons, creating a situation characterized as "a humanitarian crisis of significant proportions" (S/1995/730; S/PRST/1995/44). At the present time, there is little information regarding the possibility of the return of the Krajina Serb population to their

homes. UNHCR hopes to establish a close working relationship with the Government of Croatia in this important matter.

II. DAMAGE TO SOCIAL INFRASTRUCTURE AND HEALTH-RELATED DAMAGE

25. Physical damage to public service infrastructure in areas of conflict within Croatia has been uneven, yet extensive. Government buildings were frequent military targets. In heavily contested areas there are few undamaged schools, hospitals, ambulatory health facilities, libraries, museums and theatres. The latest government figures list severe structural damage to 1,500 civil buildings, including schools, hospitals and clinics, 250 churches and 6 cemeteries.

26. The health-related impact of the hostilities in Croatia may be viewed in three related categories: physical casualty and disability, psychological and psychosocial impact and institutional impact.

27. Estimates vary widely on the number and types of war casualties. The Government estimates that, to date, nearly 16,000 persons have been killed in war-related activities, including mine explosions, and 24,000 individuals have long-term disabilities. The social and emotional impact of future long-term care and rehabilitation of amputees, spinal cord and traumatic brain-injured persons is impossible to quantify. The Government has used standard war-damage assessment methodology to evaluate the economic losses from war-related death and disability at about $13 million.

28. The psychological and psychosocial damage to civilian and military individuals as a result of the war has been significant. WHO has estimated that more than 250,000 people are in acute need of psychosocial interventions, as a result of such factors as death of family members, separation and dislocation of families, isolation of elderly from their family support, minority populations living in inhospitable and even hostile community environments, and witnessing and/or being victims of human rights violations. Two groups appear especially vulnerable: Croatian children in a war-torn society and adult combatants re-entering civil society after years of military service. The likely impact of future problems with regard to alcoholism, drug abuse, suicide, domestic and structural violence, criminality, family disfunction, divorce and spousal and child abuse remains a potentially long-term damage of the war.

29. The government health service has been severely disrupted and the war has presented the public health service with new and unanticipated challenges. The cost of this damage is inestimable, but few would deny its significance. The outbreak of hostilities in 1991 interrupted critical administrative and financial reforms within the Croatian Ministry of Health as it sought to end chronic financial deficits and increase efficiency by shifting resources from curative and secondary clinical care to primary and preventive services. The increase in the demand for curative health services as a result of war injuries as well as the influx of refugees and displaced persons has put tremendous strain on already extended health care institutions and their financing. The need to ensure vital health services to all people reoccupying previously abandoned and/or devastated communities will demand special planning and

financing within the Ministry. The demographics of most of these new communities is likely to be significantly different from the communities that existed prior to the war. Critical to the functioning of the Ministry will be increased capacity in health system management capacity needs assessment and project planning, monitoring and evaluation, and health information systems to support its priority areas in preventive care for all the population. In addition, priority will need to be given to increased support for nutrition, immunization, communicable disease control, water and sanitation, essential drug policy and health education. There will also be an immediate need for increased training of primary health care personnel, teachers, family therapists and social workers in order to meet the new requirements of the public health system to address the effects of the impact of war upon civil society.

30. Since 1991, the military conflict has caused education to be curtailed, interrupted or postponed. Young adults have had their education interrupted as they have been mobilized for military service. Children of displaced persons and refugees have had only rudimentary education services. At the present time, primary and secondary education facilities and services are receiving priority attention within the Croatian effort to rehabilitate devastated communities.

31. Sector East stands in sharp contrast to all other areas with regard to damage to the educational services. In this area, few schools have been reconstructed and those which are operating have classrooms devoid of teaching aids or educational material. Facilities for physical education and recreation are rudimentary. Teaching programmes are further impaired by interruption for weeks at a time during general military mobilizations. Teachers interviewed by team members reported that they had not been paid for the last five months.

III. ASSESSMENT OF WAR DAMAGE TO HOUSES

32. War damage to housing is extensive. The Government of Croatia recognizes this extensive damage and has established a State Commission for War Damage Inventory and Assessment in the Ministry of Finance, the Ministry of Reconstruction and Development and the Croatian Credit Bank for Reconstruction. A regional distribution of damage shows that Slavonia, Banovina, Lika and part of Dalmatia suffered the greatest physical damage. The Government's review of war damage is based on assessment, inventory and verification of the value of damage. The framework and legal basis, organization and methodology of war damage inventory and assessment in Croatia are based on a number of national laws and regulations. In addition, Croatian authorities also used documentation from the United Nations Commission for Compensation on the war between Iraq and Kuwait.

33. Limitations faced by the Government of Croatia in assessing war damage in the housing sector include the inaccessibility of some areas for security reasons as well as recurring and sustained damage. The areas reintegrated during the military offensives of May and August 1995 have not been fully assessed or verified, as damage is still occurring in these areas. Croatia's State Commission for War Damage Inventory and Assessment has been able to assess and verify less than 50 per cent of houses damaged. It should also be

noted that Sector East is not under the Government of Croatia's control and government officials have not been able to assess and verify war damage in the area.

34. According to the Ministry of Development and Reconstruction of Croatia, during the period 1991-1995, 54 per cent of Croatian territory was subject to direct war action, which directly affected approximately 36 per cent of the population. The same source indicates that approximately 9 per cent of total housing was destroyed or badly damaged, with 590 settlements destroyed.

35. Damage to other social and community infrastructure is being assessed by Croatia. This includes community infrastructures such as schools, cultural centres, churches, health clinics, water, waste and sewage disposal systems, telecommunications and electricity. It is estimated that the total cost of damage to the sector may constitute an additional 25 per cent of the total amount of damage to the housing sector.

36. The Housing, Social/Community Infrastructure and Tourism Team of the Mission was not able to verify the information provided by Croatian officials owing to the limited period of time available to it. The members did examine data available in the field and from the small sampling considered they assessed documentation to be thorough and accurate. In Dubrovnik, the team members examined records at the regional Office for Reconstruction in Slano. A longer-term technical mission is needed to assess housing damage.

37. Future reconstruction must remain a high priority for the Government with the assistance of the international community. Croatia has obtained some assistance in its efforts to reconstruct war-damaged housing. These funds have come as bilateral contributions from a number of countries and local and international non-governmental organizations. A significant portion of these funds has also been received from the emergency reconstruction project established by Croatia and the World Bank and financed by the latter and beneficiaries in Croatia. The emergency reconstruction project financing plan allocates $54.7 million, from a total of $205.1 million, for housing within the loan.

38. The Housing, Social/Community Infrastructure and Tourism Team of the Mission obtained the Government's methodology used within the housing sector, which includes the following information: of 1.77 million houses in 1991, approximately 9 per cent (130,000 units) had been destroyed by the end of 1994. It is estimated that up to an additional 20,000 houses or dwellings have been damaged during and following the military offensives of May and August 1995. No reliable figures have been provided for Eastern Slavonia. However, a United Nations estimate indicates that in the city of Vukovar 80 per cent of buildings and houses have been destroyed. The outlying areas of Vukovar did not suffer widespread destruction of housing.

39. The Government has established criteria regarding future reconstruction of war-damaged housing in six categories. The most serious damage categories (five and six) are being applied to 20 per cent of the 130,000 houses damaged up to the end of 1994. The reconstruction of these houses is being financed directly

from the government budget, except for interior work, which has to be undertaken by the householder. The reconstruction of less-damaged family houses and other residential buildings will be financed by loans through the Croatian Credit Bank for Reconstruction. These loans, from DM 1,500 to approximately DM 18,000 with 15-year terms, a 2-year grace period and 2 per cent interest, are administered by local banks. The maximum loan depends on the category of the building and the number of family members living in the house.

40. The repair of 4,000 heavily damaged private houses is under way. In the period beginning in 1996, the Government plans to extend the programme of reconstruction to 20,000 houses. The assessment of the war damage to private houses and dwellings has been completed by the State Commission for War Damage Inventory and Assessment and its county commissions. This effort was undertaken in mid-1991 and the assessment is continuing. It is estimated that to date more than 50 per cent of the damage that occurred until mid-1994 has been assessed in detail. The financial cost for the reconstruction of housing is based on average prices on 31 December 1990. The cost of repairing the utility infrastructure is estimated at 20 per cent of the cost of the reconstruction of the houses. The total estimated amount is approximately DM 6.27 billion. However, the costs of the reconstruction and the number of affected houses could not be verified by the team. There are some inconsistencies in the documents and the information provided in Zagreb and the Croatian regional offices. As the process of collecting, collating and documenting war damage is ongoing, it is expected that this problem will be corrected in the future.

41. Legislative and executive fiats, especially the decrees pertaining to seizure of property, applications for housing rehabilitation and required loans should be in conformity with general principles of international law. The current laws on temporary seizure and administration of specified property (see para. 24 (d) above) and on the leasing of apartments in the liberated territory of 27 September 1995 are not considered to meet the minimum acceptable international standards. The laws and regulations regarding use of apartments are not always transparent and the team did not have time to address this issue. Croatia estimates that apartments comprise 25 per cent of the total number of housing units available. The Mission team was unable to examine this important component to assess damage and reconstruction needs.

42. In the housing reconstruction work that has been completed, especially around Dubrovnik and Zadar, the Government also made efforts to integrate community and social infrastructure in addition to housing. It is clear that the extensive reconstruction of houses will require a significant number of skilled craftsmen and construction labourers, who at present are not available within a constricted labour market. The extensive amount of debris and rubble from the destruction of housing and other buildings and the issues of recycling or disposal of this material will need to be addressed.

IV. AGRICULTURE

43. Croatia has 5.675 million hectares, of which 58 per cent is agricultural land. It is estimated that 78 per cent of the available land is in private ownership, comprising 500,000 family farms, of which 20 per cent are farm households totally dependent on agriculture. Private farms average about 2.9 hectares, while the public social sector includes some 500 agricultural cooperatives employing 40,000 people and averaging 780 hectares each. The country has three agricultural-ecological zones: Mediterranean (31.6 per cent of land area); mountainous (14.2 per cent); and continental (54.2 per cent). The agricultural production in Croatia is highly diversified, including corn, wheat, potatoes, cattle, pigs, produce and orchards. Croatia has 500,000 family farms, of which 9 per cent are full-time farmers and the balance are mixed employed households, who earn part of their income from agriculture. Following independence, the Government of Croatia adopted a market-oriented approach for agricultural policies.

44. The effects of war damage on agriculture include intentional destruction of farm-related property. The war and hostilities took place mostly in agricultural areas and the majority of displaced persons and refugees are farmers. Within this context, large numbers of farm buildings and farmhouses have been damaged and destroyed. Much agricultural machinery has been expropriated and other machinery, especially farm tractors, is not functioning because of lack of maintenance over a four-year period. It has been difficult during the period of conflict to obtain spare parts for agricultural machinery. There are estimates that 29 per cent of cattle, 40 per cent of horses, 38 per cent of pigs and 46 per cent of sheep were killed or died of neglect in more affected areas. The production of milk has declined significantly as a result of war and Croatia now imports 40 per cent of its milk requirement. The damage to forests cannot be estimated, although extensively burned or destroyed areas were observed. There are many mines in the countryside and production from fields within former confrontation areas will not be possible for many years.

45. The Croatian agricultural production has decreased by 35 per cent owing to the lack of manpower and access to only 26 per cent of the arable land. Agricultural trade has been seriously disrupted as a result of the loss of traditional markets within the former Yugoslavia and the disposal of surplus production of certain commodities has become a problem. The main problem for the agricultural sector of Croatia is the loss of farmers. Many Croats displaced from the conflict-affected areas in 1991 are not willing to return, for a variety of reasons. Many Croatian Serb farmers who fled their lands in 1995 are unlikely to return unless conditions are created for them to do so. It is estimated that approximately 105,000 farmers have been driven from their land and it is probable that 50 per cent of them will not return.

46. Sector East, which covers approximately 5 per cent of the territory of Croatia, is highly fertile. The damage to agricultural activities is mainly the result of the lack of market access of agricultural products. There is surplus production of similar agricultural products available in Serbia and old markets have yet to be restored within the framework of a peaceful settlement. There is also a lack of processing capacity owing to war damage.

47. A considerable development planning effort was undertaken by FAO in 1994. A technical cooperation programme-funded agricultural sector review was also undertaken. The recommendations of the final technical reports have been approved by the Croatian Parliament. In addition, a $19.7 million World Bank loan for agriculture was made effective in May 1994. It is understood that an additional World Bank emergency loan, comprising a significant funding component in support of agricultural incentives and restructuring, is being considered. As a consequence, in order to avoid a duplication of effort, the FAO assessment is aimed at the formulation of humanitarian and short-term rehabilitation interventions. It addresses in particular the needs of 40,000 farm families as regards equipment and other items to permit them to resume their activities. This will include a supply of livestock, seeds, fertilizers and agricultural equipment.

V. LANDMINES AND DEMINING

48. The former Yugoslavia was one of the major producers of landmines and almost all the mines found in Croatia were manufactured there. The current estimate of the number of land mines in Croatia ranges from 2 to 4 million. The area around the former and present confrontation lines is littered with unused and unexploded ordnance, much of which is in dangerous condition. The mines predominate along the length of confrontation lines, resulting in a band of contamination of 5 kilometres wide and 600 kilometres long within Croatia. These areas include roads, mountain trails, villages and agricultural land, which have been neutralized and are not available for use now or in the future. It is clear that existing mine-field maps and records are unreliable. It is reported that mines have been laid in patterns that make subsequent detection difficult.

49. The presence of landmines in Croatia continues to extract a heavy toll: apart from the personal tragedy of death or amputation, economic costs include the cost of treatment and rehabilitation for the injured. There is a loss of production from mined agricultural land and industrial plants. An increased cost factor is related to support to displaced persons, as they are unable to return to mine-contaminated areas.

50. It is difficult for the United Nations to assess the human effect of the mine contamination, as all parties are reluctant or unable to provide detailed statistics. Nevertheless, it is reported that mines in Croatia have contributed to 800 amputations. Furthermore, one survey in the former Serb-controlled area known as Sector North indicates there were between 50 and 100 mine casualties per month in the first half of 1995.

51. Mines also pose considerable risks to peace-keepers, monitors and aid workers, as such personnel are often required to enter areas of greatest risk. For example, United Nations peace-keepers have suffered more than 200 mine casualties, including over 20 fatalities during the present mission in the former Yugoslavia. Significantly, only 16 per cent of these casualties were the result of mine-clearance activities.

52. The ability to clear mines will be limited by the number of qualified personnel available to work in the region. It is estimated that 1,000 mine-clearance personnel will require 25 years to complete the mine clearance of Croatia. The following priorities will be considered by the Government of Croatia for mine-clearance procedures: major access routes, production centres, physical infrastructures, areas of economic importance, land use areas for returnees, sites of cultural importance and farm land.

53. There is a need for mine-awareness training for project staff and the civilian community. The Government of Croatia has undertaken such training within public schools. A mine-clearance programme will reduce the humanitarian suffering of a population already gravely affected and traumatized by war, improve confidence in a peace settlement and assist in economic recovery by normalizing conditions in war-affected areas. Mine-clearance and mine-awareness programmes should also reduce the burden on the health system. A comprehensive mine-clearance programme will be essential.

54. An important priority must be an agreement between all parties to support a mine-clearance programme. Each party must share information on mine locations. The collection and dissemination of such information should be coordinated by a central organization, which will act as a source of mine policy advice to the Government and aid and development agencies.

VI. EFFECTS OF WAR ON THE ENVIRONMENT

55. War damage has endangered the ecology of Croatia: the environment has been affected by chemicals released during shelling of industrial facilities and there is serious oil spillage, uncontrolled disposal of industrial and household waste, destroyed ionic detectors and other radioactive sources. During the military conflict, munitions were dumped into the sea. In addition, deliberate pollution of water-wells occurred, as well as destruction of sanctuaries for migratory birds. There has been damage to the national forests, affecting the local micro-climate, causing erosion and having a negative effect on the overall ecological balance.

56. The damage to chemical factories, electrical facilities and sewage treatment works poses a severe threat to soil and water environments. This problem affects the catchment areas of the Drava and Sava rivers, whose emissions threaten to contaminate drinking water resources in the countries bordering the river Danube. There have been several spillages of polychlorinated biphenyls (PCBs) and this is having a harmful effect on soil, groundwater and surface water. The removal of building debris and the dumping of rubbish, industrial waste, household garbage and rubble into inappropriate landfill sites or simply along the roadside further damage the ecology of Croatia. There is an immediate need to establish managed landfill sites and other national programmes to meet the problems caused by the neglect of the environment due to war-time conditions.

57. The water supply systems have been damaged or destroyed in many towns and sewage treatment works have been severely strained in some larger towns with the influx of population caused by refugee resettlement and displaced persons.

Appropriate maintenance has not been carried out for four years. Important aquifers in the Velebit mountain are endangered and immediate action should be undertaken to protect this essential water resource.

58. Croatia has established a State Directorate for the Environment and in 1995 the Parliament enacted new laws on waste and on air quality protection. Many non-governmental organizations and private companies have been created to assist in the restoration of the environment. It is clear that there is a need for the international community to give direct assistance to the Government of Croatia and the surrounding region as part of a major effort to restore the environment for all peoples.

VII. CULTURAL HERITAGE

59. Croatia had assessed the damage to cultural monuments for the period 1991-1995 at $300 million. Croatia has a rich cultural heritage encompassing Roman, Medieval, Renaissance and Baroque architecture. Many historic cathedrals have been damaged in the cities of Šibenik, Zadar, Vinkovci, Karlovac, Osijek, Gospić, Knin and Škabrnja. The city of Dubrovnik, which is listed in the World Heritage list of the United Nations Educational, Scientific and Cultural Organization (UNESCO), has also been damaged. Many historic treasures representing different traditions have been destroyed or looted. The value of these cultural monuments is priceless and their symbolic importance to both Croats and Serbs cannot be underestimated. The revival of a church in a destroyed area is an important symbol for the restoration of a community. The repair and restoration of the war-damaged cultural heritage will be of major importance.

VIII. TOURISM

60. Prior to 1991, tourism was the single most important service sector and represented approximately 25 per cent of the GDP of Croatia. This sector contributed to employment and to the maintenance of the balance of payments with hard currency earnings accrued within the capital account. During the period under review, hard currency earnings totalled approximately $2 billion. As a result of the military conflict, Croatia suffered a serious decline in this sector. It is estimated that a loss of 300 million tourist/nights was sustained between 1991 and 1995. The decline was exacerbated by war damage, affecting some hotels and making tourist apartments unavailable as they were occupied for residential use by displaced persons and refugees. In addition, within high-risk areas, because of military actions, there was a lack of security, including disrupted traffic links, lack of maintenance within the hotel industry and overall poor service. The Government acknowledges that a major effort to revitalize tourism must be undertaken soon.

61. The Plitvice National Park, a popular park protected by UNESCO as part of the World Heritage, is an example of heavy damage to the tourist sector. During the team's visit to the park, it was informed that the placement of mines was a major problem. There would be considerable difficulty in clearing mines from the lakes. Access to most of the park is limited and it will require

considerable time to demine the roads, forests and waterfall areas. The largest hotel, which did not suffer major war damage, requires an improved sanitation system. The two other hotels within the park were affected by war damage and need repair. In addition, these older buildings do not have modern facilities and will require an immediate upgrading in order to meet the modern requirements of the tourist industry.

IX. CONCLUSION AND PERSPECTIVES FOR RECONSTRUCTION

62. Croatia has been seriously affected since 1991 by a prolonged period of war, including recent military actions initiated by the Government, which has created significant economic challenges. The future reconstruction of Croatia will require action to address the following issues:

(a) The needs of individuals and society as a whole have to be addressed. The consequences of the war include unfavourable demographic trends, shortage and loss of skilled labour, as well as the cost of the resettlement of and support for the remaining displaced persons and refugees. The lack of peace and the absence of a secure social environment are pre-eminent problems for Croatia. The health implications of war and internecine strife on the population are unevenly distributed: some geographical areas and population groups are more affected than others. Croatia has significant financial as well as intellectual and technical resources to draw upon in its war reconstruction and social rehabilitation programmes. National efforts have been undertaken in the social sector and require significant capital investment and application;

(b) The transformation of the economy from a planned into a market system will require significant investment in human resource development. There will be a need for a measurement of labour skills and future needs in present and future labour markets. The United Nations system with its technical advisory services will be able to assist this important economic and social development need. In addition, there is an immediate need for the Government of Croatia to obtain international technical assistance for the planning and implementation of a national reconstruction effort. There should be an emphasis on future economic planning and privatization. Technical advisors should assist the central Government to establish a closer relationship with all county and municipal authorities for a more coordinated effort of continued war-damage assessment and future reconstruction of the country and the society at large;

(c) Major infrastructure systems, including power, water resources, rail, road and electrical supply, which were once integrated systems within the former Yugoslavia, have suffered war damage and will require significant capital assistance for the restoration of services;

(d) The water and sanitation system of Croatia did not receive appropriate investment for maintenance prior to 1991 and has suffered extensive war damage. This is considered to be an important priority for investment;

(e) There is a heavy financial burden on the Government of Croatia to meet capital requirements in order to strengthen its infrastructure, as its current military-industrial complex is absorbing existing capital, thus preventing the

investment necessary to achieve reconstruction and the restoration of infrastructure and other services. It is hoped that, with the return of peace, capital funds will be available to meet these needs as well as to address the issues of privatization of the economy and to ensure employment and social stability;

(f) There is a significant reduction in agricultural production as a result of the loss of labour. There should be a programme to encourage the return of farmers, with assistance in providing basic equipment and other items to re-establish their land as productive farms. The problems of mines should be addressed as soon as possible;

(g) The traditional trade links to former trading partners have been severed by war. In addition, there is a need to improve production technology in order to reach a competitive level to permit trade with Europe and elsewhere. The industrial production sector affecting trade needs significant investment in training of workers and management at all levels. A special effort should be undertaken to strengthen and privatize the banking sector. It is hoped that the international community and the United Nations system will provide technical assistance in this regard;

(h) The current government priority given to the reconstruction and rehabilitation of damaged homes and communities is well founded. Secure shelter and community infrastructure for all are clearly prerequisites for the restoration of normal life and will encourage the return of refugees and displaced persons to their homes. This return would promote the re-establishment of an adequate workforce for tourism, agricultural production and industry;

(i) A major factor affecting the economy and preventing reconstruction is the extensive mining that has taken place. A vigorous programme of demining is needed.

63. The international community, including international financial institutions, bilateral donors, the United Nations system and non-governmental organizations, have assisted the Government of Croatia during the difficult period of war. The need for financial and technical assistance will continue during the period of necessary reconstruction and development of the economy of Croatia to allow all the people of Croatia to rebuild their lives and return to peace.

APPENDIX I

United Nations Inter-agency Technical
Fact-finding Mission to Croatia

Team composition

Charles L. Perry, UNDP, Mission Leader

Anna-Maria Corazza, representative of UNPF/UNCRO

Team 1. Housing, Social/Community Infrastructure and Tourism

Stephen Franken, representative of Germany, housing expert

Tom Yates, representative of the United States of America, Programme Officer

Richard Lambe, UNDP consultant

Jean-Pierre Bueb, representative of France, public works/housing

Team 2. Industrial/Economic Infrastructure, Utilities, Communications and Energy

Peter Goergen, representative of Germany, construction engineer/architect

Geoffrey Barrell, representative of the United Kingdom, water/utilities engineer

Christoph von Bezold, representative of the European Union, economist

Team 3. Agriculture, Environmental Protection, Demining and Cultural Heritage

Michael Platzer, representative of the Department for Development Support and Management Services of the Secretariat

Rodrique Vinet, FAO consultant

Phillip Cooper, representative of United Nations Volunteers

Team 4. Human Resources, Refugees, Displaced Persons and Demography

Wycliffe Songwa, representative of UNHCR

Robert Fischer, WHO consultant

Antonio Gabrielle, UNICEF consultant

APPENDIX II

Programme for the United Nations Inter-agency Technical Fact-finding Mission to Croatia

Wednesday, 18 October

p.m. Arrive Zagreb.

Thursday, 19 October

a.m. Meetings with United Nations officials at the United Nations compound:
Office of the Special Representative of the Secretary-General
Force Commander
UNCRO Chief of Mission.

p.m. Meeting with the Chargé d'affaires a.i. of the United Kingdom.

p.m. Meeting with the Ambassador of the United States of America and staff.

Friday, 20 October

a.m. Meeting with the Head of Political and Humanitarian Affairs, UNCRO.

a.m. Meeting with Croatian government officials from the Ministry of Finance and the Ministry of Reconstruction and Development to finalize the programme of the Mission.

a.m. Meeting with the Ambassador of Germany.

a.m. Meeting with the UNHCR Head of Mission.

p.m. Meeting with UNPF.

p.m. Meeting with the Force Engineer, UNPROFOR.

p.m. Meeting with representatives of the United Nations High Commissioner for Human Rights.

Saturday, 21 October

a.m. Meeting with the Ambassador of Italy.

p.m. Meeting with the Director for Central and Eastern Europe, IBRD.

Sunday, 22 October

p.m. Mission team members assemble for orientation and initial briefings.

Monday, 23 October

a.m. Meeting with Croatian government officials.

a.m. Meeting with the Ambassador of the Russian Federation.

a.m. Meeting with the Ambassador of France.

a.m. Meeting with the UNHCR Head of Mission.

a.m. Meeting with the Special Envoy of UNICEF.

Tuesday, 24 October

a.m. Plenary with government officials and experts: summary of group work at the Ministry of Science and Technology Building.

p.m. Team meetings of the four expert teams:

Team 1. Housing, Social/Community Infrastructure and Tourism

Team 2. Industrial/Economic Infrastructure, Utilities, Communications and Energy

Team 3. Agriculture, Environment Protection, Demining and Cultural Heritage

Team 4. Human Resources, Refugees, Displaced Persons and Demography.

p.m. Mission Leader: meeting with the Special Representative of the Secretary-General.

Wednesday, 25 October

a.m. Zagreb-Dubrovnik:

Meeting with United Nations military observers on arrival

Meetings with Croatian officials/experts and visits to housing, cultural heritage, tourism industry in the surrounding area.

Team 2. Visit to Ploče:

Meeting with Luka Ploče company management

Meeting with the Commander and Military Engineer of the United Nations Rapid Reaction Force

Visit to the port and railway.

Thursday, 26 October

a.m. Tour of Konavle hinterland. Visit to housing reconstruction sites (Slano).

Team 2: Meeting in Ploče, with the mayor and representatives of the business community.

p.m. Arrive Zadar.

Briefing by United Nations officials: Political and Humanitarian Affairs Officer, UNCRO, United Nations military observers.

Friday, 27 October

a.m. Meeting with Croatian officials/experts from Županija and United Nations representatives in Zadar.

Teams 2 and 3: Zemunik airport, meetings with local officials in Benkovac and Drniš, Varivode, Drniš, Knin and the surrounding area.

Teams 1 and 4: Škabrnja, Kreka, Benkovac, Knin and the surrounding area.

p.m. United Nations briefings in the United Nations compound in Knin: Political and Humanitarian Affairs Officer, UNCRO, the UNCIVPOL Sector Engineer, United Nations military observers and UNHCR.

Saturday, 28 October

a.m. Teams 1 and 4: Obrovac, Gračac, Lovinac, Radue, Medak, Gospić, Lički Osik, Bruvno, Korenica, Plitvicka jezera national park and the surrounding area.

Teams 2 and 3: Maslenica (bridge), Obrovac (power plant), Gračac, Udbina, Plitvice.

a.m. Mission Leader and United Nations military observers: Donji Lapac and surrounding area.

Briefing by UNCIVPOL and Croatian Police.

p.m. Briefing on Plitvicka jezera national park tourist infrastructure.

Sunday, 29 October

a.m. Depart for Topusko, via Grabovac, Rakovica, Slunj (bridge), Veljun, Krnjak, visit to Kuplensko refugee camp, Vrginmost.

United Nations briefings in Topusko: UNCRO-PHA, UNCIVPOL, United Nations military observers.

p.m. Tour of damaged villages in the former Sector North: Glina, Petrinja, Sisak, Zagreb.

Monday, 30 October

a.m. Departure for Osijek in two groups:

Teams 2 and 3: via the highway, Sisak (chemical complex), Županija briefing in Slavonski Brod, visit to Duro Dakovic holdings, Dakovo and Vinkovci.

Teams 1 and 4: via the highway and then Pakrac on the secondary road.

United Nations briefings.

Meetings with local authorities in Pakrac.

United Nations meetings including the Serb representatives.

Visit Pustara refugee camp (UNCRO Nepalese Battalion).

p.m. Meeting in Osijek with Croatian officials/experts from Županija and United Nations military observers.

Tuesday, 31 October

a.m. Plenary session with government officials/experts.

Summary of the group's work.

Visit to Sector East via the Nemetin/Sarvaš crossing.

UNHQ Erdut.

Briefings by: Political and Humanitarian Affairs Officer, UNCRO, Deputy Section Commander, UNCIVPOL, UNHCR and United Nations military observers.

Briefing by civilian officials in Vukovar.

Tour Sector East in five separate groups, including: Borovo and Vutex factories, agriculture, utilities, schools, hospitals and displaced persons.

Wednesday, 1 November

a.m. Depart with United Nations military observers for Osijek, Naštice, Nova Gradiška, Gršoni Okuèanski, Vrbovljani, Novi Varoš (destroyed bridge), Stara Gradiška, (damaged bridge) and Okucani-Novska.

Visit to Dubovac Okuèanski.

p.m. Plenary group meeting at UNPF Headquarters with the Political and Humanitarian Affairs Officer, UNCRO.

Thursday, 2 November

In Zagreb. Report drafting at Hotel "I", ECMM headquarters.

/...

Friday, 3 November

In Zagreb.

a.m. Meeting with agencies and embassies at UNPF headquarters conference room.

p.m. Plenary meeting with Croatian officials at the Ministry of Science and Technology.

p.m. Mission Leader - meeting with the Ambassador, ECMM.

p.m. Mission Leader - meeting with the World Bank representative.

Saturday, 4 November

In Zagreb. Report writing.

Sunday, 5 November

Depart Zagreb.

APPENDIX III

Economic indicators

(a) Gross domestic product

GDP	Total (billions of United States dollars)	Per capita (United States dollars)
1993	11.50	2 500
1994	12.50 a/	2 600
1995	14.00 b/	2 900

a/ According to the State Bureau for Statistics, 1994 GNP totals 84 billion Croatian krunas ($16 billion). Government assessments, relying on the assumption that the share of the grey sector is approximately 30 per cent or higher, forecast that in 1995 the GDP would reach up to $16.5 billion (per capita, approximately $3,500).

b/ Assessment (maximum) (Census 1991: Population of Croatia = 4.784 million).

(b) Inflation

Official policy: "zero inflation"

Total for 1994 a/ 10-12 per cent

a/ Prime Minister's assessment.

(c) Unemployment

Unemployment rate (August 1995) = approximately 19 per cent

August 1995	Total	Change 1995/1990 (percentage)
Unemployment	232 903	+45.4
Employment	1 007 660	-34.1

(d) Industrial production

	Percentage
1993/94 (July 1994)	0.9
1993/94 (September 1994)	1.5
January-September 1993-January-September 1994	-4.4

Decrease trend a/	Percentage
1991/90	-28
1992/91	-15
1993/92	-06
1994/93	-04

a/ In September 1994 the growth trends recommenced after stabilization.

(e) National and public debt

National debt

Total: $2.6 billion

Outstanding: $700 million

Public debt

Total: approximately DM 6 billion = $3.75 million.

(f) Public sector consumption

47-49 per cent GNP in 1994

45 per cent GNP planned in 1995

(g) Average salary

DM 525 (net) (September 1995)

(Gross salary = net salary + 116 per cent

(h) Money supply (millions of Croatian krunas)

		Deposit money	Currency in circulation
August 1993	1 698.18	1 159.30	538.98
January 1994	4 037.20	2 746.73	1 326.47
July 1994	6 958.90	4 847.00	2 111.90
September 1994			Approx. 2 600.00

(i) Foreign exchange reserves

Approximately $2.5 billion (August 1995)

8 August 1994: NBC a/ $866.1 million

Banks $668.1 million

Total $2.55 billion (more than 10 per cent of GNP)

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a/ National Bank of Croatia.

(j) The budget (billions of United States dollars)

1993 2.30

1994 a/ 3.23

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a/ Planned figure was $3.1 billion (34 per cent higher than in 1993), but in October 1994 the amount was increased, mostly as a result of the increase of the requirements of defence (1,000 billion Croatian krunas assigned more than planned).

Structure of the budget in 1993

(Percentage)

41	Administrative expenditure
23	Purchase of goods and services
16	Wages and salaries
20	Subsidies and investment
100	

Privatization process

1. Ownership structure transformations (or the privatization process) in Croatia have been finished in 2,346 companies, the value of which is estimated at DM 22 billion, or approximately 10 per cent of state-owned companies' assets.

2. Every employee (present, former, retired) has a discount for the purchase of shares; Croatia thus has 500,000 small shareholders. Large portion of shares has been transferred into pension fund portfolios, establishing a social security basis.

3. The Croatian Privatization Fund is the central privatization agency, working along with the Ministry of Privatization and modelled on similar institutions in the Czech Republic, Hungary and Germany.

4. The structure of transformation (billions of Deutsche mark):

Owners	Assets
Private	1.8
Shareholders and state funds	10.9
Croatian Privatization Fund and pension funds	9.1

5. The privatization process directly brought DM 1,350 million, of which DM 422.2 million was paid in cash.

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GENERAL ASSEMBLY
Fiftieth session
Agenda item 30
COOPERATION BETWEEN THE UNITED NATIONS
AND THE ORGANIZATION FOR SECURITY
AND COOPERATION IN EUROPE

SECURITY COUNCIL
Fiftieth year

Letter dated 11 December 1995 from the Permanent Representative of Hungary to the United Nations addressed to the Secretary-General

I have the honour to forward herewith the text of the Chairman's summary as well as the decisions of the fifth meeting of the Ministerial Council of the Organization for Security and Cooperation in Europe (OSCE) held in Budapest on 7 and 8 December 1995.

I would be grateful if you had the present letter and its annexes circulated as a document of the General Assembly, under agenda item 30, and of the Security Council.

(Signed) István NÁTHON
Permanent Representative

95-39894 (E) 131295 151295

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Annex I

CHAIRMAN'S SUMMARY

In 1995 the OSCE built upon its impressive record, broke new ground in many areas, increased its quick reaction capabilities and consolidated its organizational structures. Reviewing the implementation of OSCE commitments has become a regular feature of OSCE activities. The OSCE began work on a security model for the next century and intensified its dialogue and practical co-operation with other international organizations and NGOs. In August we celebrated the twentieth anniversary of the signing of the Helsinki Final Act. Most recently, the OSCE's importance as an international body was confirmed by the invitation in the Dayton Agreement for the OSCE to play a key role in building peace in former Yugoslavia.

At this Ministerial Council Meeting of the OSCE, Ministers focused on the historic challenge presented to the OSCE by the Dayton Agreement, which they welcomed. They decided:

- that the OSCE will supervise the preparation, conduct and monitoring of elections in Bosnia and Herzegovina, certifying when conditions will permit elections to take place;

- that the OSCE will closely monitor human rights throughout Bosnia and Herzegovina and will appoint an international human rights Ombudsman; and

- that the OSCE will assist the parties in their negotiations on arms control and confidence- and security-building and in the implementation and verification of resulting agreements, as foreseen by the Dayton Agreement, with the aim of promoting long-term stability through lower and verified levels of armaments.

The Ministers also discussed and welcomed the OSCE's intensive, ongoing work on a common and comprehensive security model for Europe for the twenty-first century. They decided on objectives, guidelines and organization for future work on a security model.

Agreement on basic principles for the resolution of the Nagorno-Karabakh conflict continued to prove elusive. The Ministers welcomed the recent progress reported by the Co-Chairmen of the Minsk Group, which continues to be the sole forum for resolving this conflict. The Minsk Group has in the past month encouraged the parties to make progress. Commitments were expressed to establish direct contact to discuss the resolution of the conflict. In support of the efforts of the Minsk Process, the Chairman-in-Office appointed his Personal Representative. The High-Level Planning Group completed preparatory work on the planning of an envisaged peacekeeping operation. Conditions which would allow the deployment of such an operation are, however, still lacking.

The Ministerial Council praised the work of the OSCE's missions and other field operations. In 1995 the OSCE established a long-term presence in Chechnya. The OSCE Assistance Group there has played a role in mediating between the warring parties in a continuing conflict. The Assistance Group has achieved considerable success by developing a framework for negotiations between the parties and playing the role of facilitator in the subsequent military agreements. Its continued involvement in the human rights field will be crucial in the period to come.

As part of the OSCE activities in Bosnia and Herzegovina, the OSCE appointed the Ombudsmen of the Federation at the beginning of this year. Support for the Ombudsmen, whose work has been highly praised, represents a new kind of OSCE involvement in the promotion of human rights. It will be important to build upon the experience gained by the Ombudsmen in the OSCE's future operations in Bosnia.

OSCE Missions continue to provide important expert advice on the drafting and implementation of new constitutions, as in Georgia and Tajikistan. In some cases this work has provided helpful input on questions of regional status and autonomy or other forms of local self-government in national legislation. The Missions in Ukraine and Moldova have been particularly active on such matters in the past year. The Missions in Latvia and Estonia are providing assistance with issues of implementing legislation. Missions are also involved in assisting with the implementation of bilateral agreements. One case in which such assistance has been welcomed by all parties concerned is the Skrunda radar agreement between Latvia and the Russian Federation. A similar role for the OSCE was foreseen in the Budapest Summit decisions in relation to the Russian-Moldovan agreement on the withdrawal of the Russian troops from the eastern part of Moldova. The recent OSCE decision on Moldova represents important progress and should lead to increased transparency regarding all aspects of the withdrawal process, thereby creating an environment conducive to a long-awaited political settlement.

The Mission in Skopje helps to serve as a confidence-building instrument and is at the host government's disposal in tackling issues ranging from education to minorities and economic development.

Croatian Foreign Minister Granić invited the OSCE to establish a long-term presence in Croatia. Two OSCE missions have visited Croatia, and discussions are under way in Vienna on the basis of their recommendations. The objective of OSCE involvement in Croatia would be to assist central and local authorities in building democracy, protecting human and minority rights and promoting the safe return of refugees. Through these efforts the OSCE can help promote the peaceful reintegration of formerly occupied territories.

The OSCE continued its focus on Kosovo, Sandjak and Vojvodina. The human rights abuses there, especially in Kosovo, underline the urgent need for the return of the long-duration missions.

Executive action by the Chairman-in-Office, given broader scope by the Budapest Summit decision, enabled the OSCE to take rapid action in response to a number of developments.

The High Commissioner on National Minorities successfully continued his quiet diplomacy throughout the year and continues to be one of the most important parts of the OSCE's preventive diplomacy network. The Ministerial Council renewed Mr. Max van der Stoel's appointment for a further three-year term.

The Office for Democratic Institutions and Human Rights has been receiving an increasing number of requests for its expertise from missions and participating States. It can

only continue to cope successfully with the ever increasing demands placed upon it if its resources are increased.

The discussions of the OSCE Parliamentary Assembly contributed to the work of the Permanent Council.

The OSCE strengthened its inter-institutional links with other international organizations both through dialogue and through co-operation in the field. Practical co-operation was also initiated with a number of NGOs.

The OSCE continued its active support for human rights and fundamental freedoms throughout the region. It also devoted increased attention to the economic aspects of security. Both Human and Economic Dimension issues featured more regularly in the daily work of the OSCE during 1995, reflecting the OSCE's comprehensive approach to security.

The Pact on Stability in Europe, with its Baltic and Central European tables, was passed to the OSCE. Discussions continue in the OSCE on sustaining and, when possible, expanding the efforts initiated by the Pact, building upon the regional approach it offered.

In the course of 1995 increased dialogue, in regularly held meetings of an informal, open-ended contact group in Vienna as well as in other fora, and an OSCE seminar in Cairo contributed to the development of the OSCE's relationship with the Mediterranean Partners for Co-operation.

1995 was a crucial year in arms control. Parties to the CFE Treaty completed the destruction of over 50,000 tanks and other heavy weapons. However, some problems of implementation persist. The parties to the Treaty recently reached agreement on the principal elements of a solution to the flank issue that preserves the integrity of the Treaty. There is an urgent need to reach agreement on the basis of those elements.

The OSCE Forum for Security Co-operation worked on an Arms Control Framework outlining future arms control priorities. In spite of expectations that the Framework would be concluded by the time of the Ministerial Council Meeting, further negotiations are required.

The Ministerial Council was pleased to welcome the former Yugoslav Republic of Macedonia as an OSCE participating State.

The Ministerial Council welcomed Switzerland as the incoming Chairman-in-Office, whose term will begin on 1 January 1996, and decided that the Chairmanship in 1997 would be held by Denmark.

Annex II

DECISION ON OSCE ACTION FOR PEACE, DEMOCRACY AND STABILITY IN BOSNIA AND HERZEGOVINA

(MC(5).DEC/1)

1. The Ministerial Council welcomes and supports the General Framework Agreement for Peace in Bosnia and Herzegovina initialled on 21 November 1995 and to be signed in Paris on 14 December 1995. In that historic Agreement, the Parties to this tragic conflict call on the OSCE to help ensure that its promise is fulfilled. On behalf of the OSCE, the Council accepts the tasks foreseen in the Agreement and its Annexes.

2. The Parties have requested the OSCE to supervise the preparation and conduct of free and fair elections in Bosnia and Herzegovina. This task is extremely important to ensure a democratic future for that country. The OSCE will also monitor - as requested - the human rights situation in Bosnia and Herzegovina.

3. The Parties have requested the OSCE to help guide the negotiating process to bring about regional stability, to build mechanisms to increase confidence and security, and to establish limitations on the weapons of war. These tasks are essential for a durable peace.

4. The OSCE will be working in concert with a wide range of institutions of the international community. Ministers are fully aware of the considerable demands which will be made upon the international community, including private organizations, in fields such as the needs of the population at the onset of winter, the return of refugees to their country and place of origin, the economic reconstruction and the establishment of a civic society. Participating States will make all efforts to meet these needs to the best of their abilities.

5. The Ministers recognize that the OSCE faces an unprecedented challenge and are aware that it will be judged by its action, not by its words. They are prepared to offer qualified people, the necessary resources, and their constant commitment to meet this challenge. This decision provides a clear mandate for action.

6. To this end, they authorize the Chairman-in-Office, the Secretary General under his direction, and other OSCE bodies and institutions to take all necessary steps to ensure effective and timely implementation of the OSCE's tasks. In this perspective, the Chairman-in-Office will represent the OSCE at the London Conference and other international meetings and conferences connected with the peace settlement. The OSCE will consult and co-operate as appropriate with the United Nations, the Council of Europe and other international organizations active in the field in fulfilling their tasks. In performing these tasks, the Chairman-in-Office will keep the Permanent Council fully informed on a regular basis and will consult with it as appropriate.

7. The Ministerial Council welcomes the opportunity offered by the Paris Conference for reflections on approaches towards ensuring lasting stability and good-neighbourly relations.

8. In anticipation of signature of the Peace Agreement in Paris, the Ministerial Council hereby decides to:

9. Establish a Mission to Bosnia and Herzegovina and pledge that adequate resources and personnel will be provided to carry out its tasks as requested by the Parties to the Agreement. The initial duration of the Mission will be one year unless the Permanent Council, upon a recommendation of the Chairman-in-Office, decides otherwise;

10. Call for the early appointment of a Head of this Mission by the Chairman-in-Office. Under the authority of the Chairman-in-Office, the Head of Mission will be responsible for implementing the OSCE's tasks in Bosnia and Herzegovina in the fields of elections, human rights monitoring, and facilitating the monitoring of arms control and confidence- and security-building arrangements;

11. Establish, as requested by the Parties in Article II.3 of Annex 3 of the Agreement the Provisional Electoral Commission, to be chaired by the Head of Mission, in accordance with all the provisions of Article III;

12. Pledge that, in accordance with the Agreement on Civilian Implementation of the Peace Settlement, the OSCE, and in particular the Chairman-in-Office and the Head of Mission, will co-ordinate closely with the High Representative towards the fulfilment of the latter's responsibilities for monitoring implementation of the peace settlement and for co-ordinating the activities of the civilian organizations and agencies in Bosnia and Herzegovina;

13. Authorize the Chairman-in-Office, upon the advice of the Head of Mission and following consultation with the High Representative, and after a substantial discussion, as appropriate, in the Permanent Council, to take the decisions required by Annex 3, Article I.2, regarding conditions for the elections, and Annex 3, Article II.4, regarding the date on which elections can be held;

14. Welcome the initiative of the Government of Sweden to host an informal International Expert Meeting in support of the implementation of Annex 3 on elections;

15. Accept the invitation extended to the OSCE to monitor closely the human rights situation in Bosnia and Herzegovina in accordance with the relevant Annexes of the Agreement;

16. Call for the early appointment of the Human Rights Ombudsman by the Chairman-in-Office;

17. Direct the Mission to co-operate closely with the Office of the Human Rights Ombudsman and the Human Rights Chamber in view of the OSCE's tasks of certifying the conditions for holding elections and providing assistance to the Parties in creating those conditions, and to monitor closely the human rights situation;

18. Agree that the present OSCE Mission in Sarajevo will, upon request, support also the Human Rights Ombudsman. It will be expanded and reorganized into a distinct section of the new Mission;

19. Invite the High Commissioner on National Minorities and the Office for Democratic Institutions and Human Rights to contribute to the implementation of this decision in accordance with their mandates and experience;

20. Welcome the initiative of the Government of Germany to convene, in Bonn, a meeting to initiate the process of confidence- and security-building and arms control anticipated by the Agreement on Regional Stabilization which will be organized under the auspices of the OSCE in accordance with Articles II and IV of Annex 1-B;

21. Welcome the decision of the Chairman-in-Office to designate, at the earliest possible date, after appropriate consultations, including with the most concerned States, (a) Personal Representative(s) to assist the Parties in their respective negotiations under Articles II and IV and in the implementation and verification of resulting agreements, including verification of the holdings declarations called for in Article IV, as soon as the data are submitted;

22. Welcome the commitment of the Parties to the Agreement and the readiness of all other States in the region, to co-operate fully with the OSCE concerning negotiations for a regional arms control agreement, in accordance with the Peace Agreement. The Ministerial Council authorizes the Chairman-in-Office to designate, as anticipated by Article V of the Agreement, as soon as practicable, after appropriate consultations, including with the most concerned States, a Special Representative to help organize and conduct such negotiations under the auspices of the OSCE Forum for Security Co-operation, beginning with agreement on a precise mandate. Parameters to be developed in this mandate will take into account and respect existing arms control rights and obligations including limitations already undertaken on a multilateral basis by certain States in the region; and

23. Offer the full assistance of the OSCE in establishing a Commission for facilitating the resolution of any disputes that might arise in fully implementing the regional arms control agreement of the Parties.

24. The Council takes note of the cost estimate for the operation submitted by the Secretary General of approximately 245 million Austrian schillings for a twelve-month period. The Council directs the Permanent Council to agree before 15 January 1996 on a budget for the OSCE tasks requested by the Parties in the Peace Agreement to be funded according to established procedures. The Secretary General will assess the acceptability and value of contributions in kind. Before the budget is agreed, the Secretary General is authorized to engage the OSCE on urgent procurement orders and contracts concerning premises for the Mission up to 20% of the above-mentioned cost estimate. The Council determines that the OSCE will seek additional, including non-governmental, sources of funding and directs the establishment of a specific fund to assist in carrying out this decision. The Council welcomes the commitment of the Chairman-in-Office and the Secretary General to ensure that all OSCE action in fulfilment of the tasks in this decision is undertaken as efficiently and expeditiously as possible.

Annex III

DECISION ON A COMMON AND COMPREHENSIVE SECURITY MODEL FOR EUROPE FOR THE TWENTY-FIRST CENTURY: A NEW CONCEPT FOR A NEW CENTURY

(MC(5).DEC/2)

1. The Ministerial Council notes that, in accordance with the relevant Budapest Summit decision, a broad and comprehensive discussion has been launched on devising a concept of security for the whole OSCE region in the twenty-first century. The Council stresses the importance of the strict observance of all OSCE principles and commitments to ensure security in the century to come. The Council takes note of the progress report presented to it by the Chairman-in-Office and decides to move the work on a security model into a more operational phase, providing opportunities to continue the identification of particular security risks and challenges and examining how the OSCE principles, commitments and mechanisms should be implemented to deal most effectively with the diverse security concerns of participating States. To this end, it endorses follow-up work in preparation for the 1996 Lisbon Summit.

2. A key objective of this discussion is to apply fully the OSCE's unique capabilities and inclusive nature to the development of a common security space based on the OSCE's comprehensive and co-operative concept of security and its indivisibility. Within this space, free of dividing lines, all OSCE participating States and the organizations to which they belong will be able to work together in a constructive, complementary and mutually reinforcing way, building a genuine partnership, in full respect of the free will of their members. While doing so, they will respect the inherent right of each and every participating State to be free to choose or change its security arrangements, including treaties of alliance, as they evolve. Each participating State will respect the rights of all others in this regard. They will not strengthen their security at the expense of the security of other States. Within the OSCE, no State, organization or grouping can have any superior responsibility for maintaining peace and stability in the OSCE region, or regard any part of the OSCE region as its sphere of influence. The basis for our common efforts to design a model is the OSCE principles, including their co-equality, which, together with the high standards represented by our OSCE commitments, remain valid for both inter- and intra-State relationships.

3. The Ministerial Council decides that the work on a model should proceed in accordance with the following guidelines:

- to promote strict observance of OSCE principles and commitments, which is of paramount importance for stability and security in the OSCE region;

- to contribute to the further development of the OSCE and the effective use and strengthening of its operational capabilities;

- to promote co-operative approaches to security challenges and risks, bearing in mind the common commitment of the participating States to promote stability and security, to prevent conflicts, and to manage crises;

- to sustain the OSCE's comprehensive concept of security and its indivisibility in order to promote effective concerted responses to complex security challenges in a spirit of co-operation and solidarity in defence of the OSCE's common values;
- to further develop ways in which complementary and mutually reinforcing organizations work together, including through enhanced dialogue, in the common interests of security and stability in the OSCE area;

- to develop further the relationship between the OSCE and the United Nations on the basis of the OSCE's position as a regional arrangement under Chapter VIII of the United Nations Charter, and of the relevant provisions of the Budapest Document 1994; and

- to contribute to the transparent and democratic evolution of regional and transatlantic organizations with a view to strengthening confidence, security and stability in the OSCE region.

As work on a concept of security for the twenty-first century proceeds, additional guidelines may be introduced. Such work may benefit from continued contributions by other organizations.

4. In preparation for the Lisbon OSCE Summit, the Ministerial Council entrusts the Chairman-in-Office with the task of intensifying focused discussion on all aspects of a security model, including through a Security Model Committee, under the auspices of the Permanent Council, which can benefit from input from other OSCE fora. The Chairman-in-Office will organize the work, while maintaining its comprehensiveness, in a manner that is consistent with this decision and the attached annex, which is an integral part of the decision. As the work proceeds, specific new measures may be developed for the promotion of all dimensions of security in the OSCE region.

5. With the aim of ensuring a broad, inclusive approach to the work on a security model, the Ministerial Council

- requests the Chairman-in-Office to keep the issue of "a common and comprehensive security model for Europe for the twenty-first century" on the agenda of the Senior Council until the 1996 OSCE Lisbon Summit;

- requests the Chairman-in-Office to organize further seminars within the context of the work on a security model, the subjects of which will be agreed upon by the participating States; and

- encourages a wide-ranging discussion on a security model, with broad participation of government officials, non-governmental representatives, and academics.

6. The Council requests the Chairman-in-Office to keep the informal list of risks and challenges to security updated, and to encourage participating States to clarify further their perceptions of specific risks and challenges to their security.

7. Progress achieved and results available at that time will be presented by the Chairman-in-Office to the 1996 Lisbon Summit for consideration and assessment.

ANNEX

The Chairman-in-Office will organize the work in the following areas. These areas are indicative only and set no priorities:

- conflict prevention, including early warning and preventive diplomacy
- crisis management and post-conflict rehabilitation
- OSCE peacekeeping
- arms control, including confidence-building
- enhanced co-operation in preventing and combating terrorism
- human rights and fundamental freedoms, human contacts, democracy-building
- tolerance-building
- co-operation in preventing and combating aggressive nationalism, racism, chauvinism, xenophobia, anti-semitism and ethnic cleansing
- non-military confidence-building
- co-operation in the fields of migration, refugees and displaced persons
- economic security, including sustainable economic development, well-functioning market economy, and economic co-operation
- co-operation in solving environmental problems and managing disasters
- further development of the concept of complementary and mutually reinforcing institutions, including mechanisms for transparency, consultation and co-operation
- strengthening of the OSCE
- regional co-operation
- co-operation between the OSCE area and the Mediterranean region
- security co-operation beyond the OSCE area
- ...

Other topics may be agreed upon in the Security Model Committee.

As necessary, the Chairman-in-Office, after appropriate consultations, may set up not more than three informal subsidiary working bodies and, for each working body, appoint a co-ordinator.

Annex IV

DECISION ON THE OSCE MINSK PROCESS
(MC(5).DEC/3)

The Ministerial Council

- confirms that the OSCE Minsk Process remains the sole forum for the settlement of the Nagorno-Karabakh conflict;

- commends the determination of the Parties to the conflict to continue to observe the cease-fire established on 12 May 1994;

- urges the Parties to release immediately all POWs and persons detained in connection with the conflict and to provide the ICRC unimpeded access to all places of detention and all detainees;

- supports the efforts of the Co-Chairmen of the Minsk Conference to achieve, in co-ordination with the Chairman-in-Office, a political agreement on the cessation of the armed conflict without any further delay. The implementation of such an agreement will eliminate major consequences of the conflict for all parties and permit the early convening of the Minsk Conference. The signing of the agreement will enable the Permanent Council to take a decision on the establishment of the OSCE peacekeeping operation, based on the valuable recommendations of the High-Level Planning Group, the work of which should continue;

- welcomes the commitments expressed to establish direct contacts, in co-ordination with the Co-Chairmanship, to achieve agreement on the principles governing the resolution of the conflict, and strongly urges that this be done quickly; and

- takes note of the expressed readiness of the Parties to address crucial issues with a view to reaching a compromise as soon as possible.

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FINANCING OF THE UNITED NATIONS ANGOLA VERIFICATION MISSION

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Angola Verification Mission (UNAVEM III) contained in documents A/49/433/Add.1 of 6 June 1995, A/50/651/Add.1 of 6 November 1995 and A/50/651/Add.2 of 10 November 1995. The Advisory Committee has also considered the performance report for UNAVEM II contained in document A/50/651 of 18 October 1995. During its consideration of the reports, representatives of the Secretary-General provided additional information to the Advisory Committee.

Cost estimates for the period from 9 February to 31 December 1995

2. In the course of its review of the requirements for UNAVEM III for the above period, the Advisory Committee had before it the reports of the Secretary-General contained in the following documents: A/49/433/Add.1 of 6 June 1995, containing the cost estimates for UNAVEM III for the period from 9 February to 31 December 1995; and A/50/651/Add.1 of 6 November 1995, containing the revised cost estimates for the Mission for the same period.

3. As indicated in the summary of the report contained in document A/50/651/Add.1, the revised cost estimates, which amount to $268,072,500 gross, take into account the updated information on phased deployment of 7,000 contingent personnel, 350 military observers, 260 civilian police observers, 714 civilian support staff and 75 United Nations Volunteers (UNVs). The actions to be taken by the General Assembly, as proposed by the Secretary-General in paragraph 21 of that report, include the appropriation of $268,072,500 gross for the period from 9 February to 31 December 1995, inclusive of $215,912,903 gross already provided in accordance with paragraphs 5 and 8 of General Assembly

resolution 49/227 B of 20 July 1995, and an additional assessment of $52,159,597 gross for the same period.

4. The Advisory Committee notes from paragraph 1 of the introduction to the same report of the Secretary-General (A/50/651/Add.1) that the mandate of UNAVEM III, which was established by Security Council resolution 976 (1995) of 8 February 1995 for an initial six-month period, was extended by Security Council resolution 1008 (1995) for a further period of six months, until 8 February 1996.

5. The total contributions received as at 30 September 1995 amount to $298,575,464, compared with the total assessments of $417,323,123 among Member States for UNAVEM, UNAVEM II and UNAVEM III, resulting in a shortfall of $107,179,101. In view of the shortfall, the Advisory Committee reiterates its prior recommendations regarding the non-payment or late payment of contributions to peace-keeping operations (A/47/990, para. 41).

6. Information on voluntary contributions and trust funds is contained in paragraphs 6 to 8 of the report contained in document A/50/651/Add.1. In the view of the Advisory Committee, this information is very limited and does not contribute to a comprehensive understanding of the role of voluntary contributions in the implementation of various activities of UNAVEM III. For example, no clear information is provided on voluntary contributions for humanitarian assistance. Furthermore, while the submission indicates that a trust fund for demining activities has been established on the basis of a voluntary contribution of 500,000 Swiss francs from the Government of Switzerland, no information is provided on demining activities to be funded from the Trust Fund. The Advisory Committee reiterates, therefore, its previous recommendation that "the Secretary-General should develop an improved presentation of voluntary contributions and a description and cost estimates of activities financed from voluntary contributions and other sources" (A/49/664, para. 46).

7. As can be seen from annex IA to the report in document A/50/651/Add.1, the total revised cost estimates of $268 million gross reflect a decrease of $37.1 million, compared with the total original estimates of $305.1 million gross indicated in document A/49/433/Add.1. The decrease reflects primarily the delay in the deployment of military and civilian personnel, the impact of the transfer of equipment from other peace-keeping operations and from the Brindisi logistics base and the receipt of voluntary contributions in-kind, as stated in paragraph 13 of the report in document A/50/651/Add.1.

8. The Advisory Committee recalls that the Secretary-General, in paragraph 52 of his report to the Security Council (S/1995/97) stated the following:

> "On 19 December 1994, the Government of Angola made public a document entitled 'Cost of the implementation of the Lusaka Protocol' (S/1994/1451), which indicates its plans to contribute nearly US$ 500 million to various programmes associated with the peace process. In particular, the document indicates that the Angolan authorities would be ready to provide to UNAVEM a residential compound, aircraft and vehicle parking facilities, harbour space for vessels, warehouses and office space in ports and airports and

fuel at rates below the international price. Exemption from custom formalities and availability of land for the Mission were also pledged."

Information on the status-of-forces agreement between the Government of Angola and the United Nations is contained in paragraphs 17 and 18 of the report contained in document A/50/651/Add.1. The Advisory Committee points out that, while the previous report on the financing of UNAVEM III (A/49/433/Add.1) provided hardly any information regarding the Government's contributions under the status-of-forces agreement, the report contained in document A/50/651/Add.1 is a positive development in this area. At the same time the Advisory Committee believes that the report should have included information on the estimated value of the Government's contributions to the mission under the status-of-forces agreement, the use of the airport facilities in Angola, purchase of goods and services on the local market, use of the government radio and television facilities, etc. On request, the Advisory Committee was informed that the value of the Government's in-kind contribution to UNAVEM III is estimated at $7.4 million. Annex I below contains the list of such in-kind contributions.

9. The revised cost estimates include a provision of $92.7 million for 7,350 military personnel (7,000 contingent personnel and 350 military observers), which reflects a decrease of $4.6 million compared with the original cost estimates. The decrease is attributable mainly to reduced requirements for standard troop cost reimbursement ($6.8 million) resulting from the revised schedule of deployment of military personnel, as reflected in annex IV to the report contained in document A/50/651/Add.1. Upon inquiry, the Advisory Committee was informed that there are currently no significant deviations from the planned deployment of military personnel and that, as at 31 October 1995, the strength of United Nations formed units had reached 5,667 all ranks.

10. The Advisory Committee also notes from annex I to the report contained in document A/50/651/Add.1 that the provision for military personnel costs reflects significant growth ($3.2 million) in revised requirements for rations, amounting to $14.2 million. The revised requirements reflect an increase in unit costs of daily rations from $7.50 to $9.04 for the period from 1 May to 30 September 1995 and to $10.10 thereafter. The increased rates take into account mobilization, transportation and warehousing costs involved in the provision of rations.

11. The Advisory Committee inquired into arrangements for the purchase of rations and stressed the importance of taking full advantage of procurement of rations from local/regional area sources. In this connection, the Advisory Committee recalls its recommendation that, whenever cost-effective and technically feasible, every effort should be made by the Secretariat, in accordance with established procurement procedures, to acquire services, resources and materials from local area sources (see A/47/985, para. 24). Increased procurement from local area sources should, in the view of the Committee, help to bring down the costs of rations. The Advisory Committee recommends, therefore, that the provision for rations be approved at the level of $13.0 million.

12. The Advisory Committee notes that a provision of $21.6 million is made for reimbursement to troop-contributing Governments of the cost of contingent-owned equipment, the value of which is estimated at $216.4 million. The Committee was

informed, upon inquiry, that the value was estimated by the contingents themselves and that the Mission had yet to conduct an "in-survey" assessment. The Advisory Committee points out, in this connection, that experience has shown that it is realistic to expect that the estimated value of contingent-owned equipment will eventually be reduced. Therefore, pending the outcome of "in-survey", the Advisory Committee recommends approval of the related requirements in the amount of $20.5 million.

13. The Advisory Committee notes from paragraph 36 of the report contained in document A/50/651/Add.1 that the number and distribution by category of international and local staff remained unchanged, compared with the original proposal. The Committee points out, however, that this number reflects, as indicated in paragraph 34 of the report contained in document A/49/433/Add.1, a net increase of 277 international civilian staff and 251 local staff compared with UNAVEM II. The proposed distribution of posts by grade, office and geographical location is reflected in annexes V and VI to the latter report. The proposed staffing table provides, inter alia, for 134 posts (including 50 UNVs) in the Unit for the Coordination of Humanitarian Assistance, 12 posts in the Electoral Division and 472 posts (including 25 UNVs) in the Division of Administration and Management.

14. With regard to the staffing structure of the Unit for the Coordination of Humanitarian Assistance, the Advisory Committee points out that the Unit is implementing activities that are funded to a large extent from voluntary contributions. On request, the Committee was informed that the total funding required for 1995 through voluntary contributions amounted to $107.7 million for the demobilization and reintegration programme, $182.0 million for the humanitarian assistance programme and $12.4 million for the mine action programme. The comparable revised cost estimates included in the budget financed from assessed contributions are $30.6 million for assistance for disarmament and demobilization and $17.7 million for mine-clearing programmes. The Advisory Committee is not aware of any posts funded from voluntary contributions in connection with demobilization and reintegration activities, humanitarian activities, or demining activities. The Advisory Committee points out that, while all 134 posts of the Unit for Coordination of Humanitarian Assistance are proposed to be funded from the assessed budget of UNAVEM III, coordination of humanitarian assistance within, for example, the United Nations Mission in Haiti, the United Nations Assistance Mission for Rwanda and the United Nations Operation in Mozambique is undertaken by staff funded partially or entirely from voluntary contributions. In view of this inconsistency, the Advisory Committee requests that the Secretary-General re-examine the situation in the course of preparation of the next budget submission for UNAVEM III, with a view to financing some of the posts of the Unit from voluntary contributions.

15. The Advisory Committee notes that resources have been proposed for the preparation of the second round of presidential elections and for the verification and monitoring of the entire electoral process, in accordance with the political mandate outlined in paragraph 5 (i) of the report of the Secretary-General (A/49/433/Add.1). The Committee points out, however, that the report of the Secretary-General does not contain any explanation of the preparatory activities, nor does it refer to the anticipated dates of the elections. The Committee questions, in fact, whether any election-related

activities by United Nations staff have even taken place in this budget period. In any case, the description of the functions and responsibilities of staff of the Electoral Division (see A/49/433/Add.1, annex VIII, paras. 43 and 44) is unsubstantiated and too general. In his next report, the Secretary-General should provide the latest information on the pace and scheduling of election activities and the related participation of the United Nations; in this context, he should explain and justify the structure, functions and numbers of staff for the Electoral Division.

16. The proposed staffing structure of the Division of Administration and Management includes 472 posts, as indicated in annex VI to document A/49/433/Add.1. The Advisory Committee was informed by the Chief Administrative Officer of the Mission that, although the proposed staffing table for the Division does not contain any new posts, UNAVEM III experiences difficulties in the area of finance management, logistics and engineering support. Considering the overall number of 472 posts for administration, the Advisory Committee is not convinced that the difficulties result from the lack of posts; the Committee believes that they are due mainly to delays in recruitment. The Committee was informed that, owing to delays in the deployment of international staff to the Mission area, the vacancy rate in the category of Professional staff had been 43 per cent as of the end of October 1995. The Committee expects that, before any requests for additional posts are contemplated, existing vacant posts should be filled and deficiencies in the organizational structure of the Division should be addressed.

17. With regard to the organizational structure of the Division of Administration and Management, the Committee questions the rationale for keeping 30 staff of the Office of the Chief Administrative Officer at six regional offices of the Mission, while main administrative functions there are performed by 6 staff from the Finance Section, 6 from the Procurement Section, 30 from the Transport Section, 48 from the Communications Section and 18 from the Building Management Section. The Advisory Committee also points out that the budget submission should have provided a description of functions performed by these 30 staff of the Office of the Chief Administrative Officer. The Advisory Committee recommends that the Secretary-General review the structure of the Division of Administration and Management so that the most efficient structure could be achieved.

18. The Advisory Committee notes from annex V to the report contained in document A/48/433/Add.1 that 36 posts (25 international and 11 local) are proposed for the Public Information Section. The Advisory Committee understands that these staff requirements are proposed on the assumption that UNAVEM would operate its own radio station. However, as indicated in paragraph 138 of annex II to the report contained in document A/50/651/Add.1, "at the time the present report was prepared, the UNAVEM radio station had not yet been established owing to ongoing discussions with the Government of Angola on the modalities for the operation of the radio station". Should this situation continue and if no progress in the establishment of the radio station is achieved at the time of the preparation of the next budget submission for UNAVEM III, the Advisory Committee recommends that that submission reflect the results of a review of the staff requirements for the Public Information Section.

19. The Advisory Committee also notes from paragraph 158 of annex II to the report of the Secretary-General (A/49/433/Add.1) that a provision of $1.1 million is made for the purchase of equipment necessary for the establishment of the UNAVEM radio station. The Advisory Committee understands that this provision is made contingent on authorization to be received for the Government of Angola and that the Mission is still in the process of obtaining such an authorization. The Committee was provided, on request, with preliminary status of expenditures for the period 9 February to 30 September 1995, which show that the total expenditure under public information programmes amounts to $156,247.

20. The Committee recommends that the Mission explore the possibility of transferring radio station equipment from United Nations stockpiles or from other peace-keeping operations; the resulting savings should be reflected in the next performance report on UNAVEM III.

21. The Committee notes that the provisions for the salaries and common staff costs of international staff are based on New York standard costs except for international staff on assignment from other United Nations organizations and staff appointed for the Mission. The estimate for the local staff is based on the local salary scale established for Luanda. In addition, effective 1 March to 30 November 1995, a hazardous duty station allowance of $902 per person per month is budgeted for international civilian staff assigned outside Luanda, while an equivalent of 20 per cent of their salaries is budgeted for this purpose for locally recruited staff. The Committee trusts that any payment relating to the hazardous duty station allowance is made in accordance with the relevant rules and regulations of the United Nations.

22. As can be seen from annex I to the report contained in document A/50/651/Add.1, the proposed revised requirements under premises ($16.5 million) reflect a net increase of $2.9 million, resulting mainly from increased requirements under rental of premises ($2.1 million), alteration and renovation of premises ($1.0 million) and construction of prefabricated buildings ($1.5 million). These increased requirements were somewhat offset by a decrease of $1.6 million under utilities. The Committee notes from paragraph 53 of annex II to the same report that "additional requirements for the rental of houses and hotel rooms have been necessitated by the delay in the receipt of prefabricated buildings from other peace-keeping missions". The Advisory Committee points out that requirements for premises relate mainly to civilian personnel, since, as the Committee was informed, military contingents arriving in the Mission area are largely self-sufficient. The Advisory Committee understands that no adjustments in requirements for premises have been made to account for delays in the deployment of civilian personnel to UNAVEM, referred to in paragraph 16 above. Furthermore, the Advisory Committee believes that the types of accommodation chosen should take into account the anticipated short-term duration of the Mission. The Committee was informed, upon request, that the proposed provision of $3 million for 500 dormitories for contingent personnel reflected in paragraph 57 (b) of annex II to the report of the Secretary-General (A/49/433/Add.1) would no longer be required. The Advisory Committee recommends that proposed provision of $16,504,800 for premises should, therefore, be reduced by $3 million.

23. The Advisory Committee notes from paragraphs 71 and 76 of annex II to the report of the Secretary-General (A/50/651/Add.1) that the cost estimates for fuel for vehicles and aircraft owned and/or operated by the United Nations are based on prices of fuel provided by the Government, i.e. $0.907 for diesel, $1.134 for petrol and $0.76 for aviation fuel, per gallon. In this connection, the Committee recalls that the Secretary-General, in paragraph 53 of his report to the Security Council, stated that "it will be extremely important for the Government to provide to the United Nations certain key services and supplies, including fuel, at the lowest possible cost". The Committee requests, therefore, that the Secretary-General indicate in his next budget submission for UNAVEM III to what extent the above rates meet the criteria of the lowest possible cost.

24. The requirements for air operations have been revised from $28,773,400 to $24,260,500. The explanation of the revised requirements is contained in paragraphs 73 to 92 of annex II to the report of the Secretary-General (A/50/651/Add.1); as stated in paragraph 81 therein, "while costs for base hire, additional hours and fuel usage and other related costs have increased, these were compensated by the omission of three high-tech Beechcraft surveillance aircraft and the Skyvan aircraft". In this connection, the Advisory Committee reiterates its recommendation in paragraph 9 of document A/50/802 on the need to restrict the use of aircraft to essential operational needs. The Advisory Committee was provided, upon request, with a statement on the policy on the commercial lease/charter of aircraft for peace-keeping operations which is contained in annex II below.

25. The Advisory Committee was informed, upon inquiry, that the revised requirements for contractual services of $8.3 million, which reflects a decrease of $11.7 million compared with the original estimates of $20.0 million, are based on the actual terms of the contract signed in July 1995 between the United Nations and the logistic support services contractor. Included in the total amount of $8.3 million is $1.3 million for security services. The Advisory Committee notes from paragraph 135 of annex II to the report of the Secretary-General (A/49/433/Add.1) that this provision ($1.3 million) is made for the salaries of 236 locally recruited security personnel at a salary rate of $705 per person per month. At the same time, salaries of other categories of locally recruited personnel are $250 per person per month for demining instructors and supervisors and $600 per person per month for medical orderlies and interpreters/translators, as reflected in paragraph 170 of that same annex. The Advisory Committee inquired, but was not provided with a satisfactory explanation as to the reasons for the wide range ($250-$705) in salary rates for locally recruited contractual personnel. In the opinion of the Advisory Committee, the salary rate of $705 for locally recruited security personnel is excessive; in view of the fact that the budget period is nearly over, the Advisory Committee is not in a position to recommend a reduction in the provision for security services. However, the Committee requests that an explanation of the salary rates for locally recruited contractual personnel be provided in the next budget submission for UNAVEM III.

26. The requirements for the mine-clearing programmes have been revised from $17.1 to $17.7 million. These requirements should have been explained and justified in detail and not merely stated. Some requirements have been, in the

view of the Advisory Committee, considerably overstated. The Advisory Committee was informed, upon inquiry, that the proposed provisions for wages and food supplement, miscellaneous services and miscellaneous supplies should be reduced by $600,100, $990,000 and $630,000 accordingly. The Advisory Committee recommends that the proposed provision of $17,678,000 for the mine-clearing programme should, therefore, be reduced by $2,220,100.

27. The Advisory Committee points out that the reports of the Secretary-General (A/49/433/Add.1 and A/50/651/Add.1) should have provided information on the totality of voluntary contributions to demining and other humanitarian programmes, including assistance from the Government of Angola and the part to be played by specialized agencies of the United Nations, as requested in paragraph 12 of its report contained in document A/49/927.

28. The Advisory Committee was informed, upon request, that an amount of $1.5 million had been pledged/contributed as of 20 October 1995 in response to the joint appeal for mine-clearing activities. The target of the appeal was $12.4 million.

29. The Committee notes that the contributions to the demining programme from the assessed budget of the Mission considerably exceed contributions from voluntary funds and the Government of Angola. In this connection, the Advisory Committee recalls its statement in paragraph 13 of its report on the administrative and budgetary aspects of the financing of the United Nations peace-keeping operations (A/49/664) that:

> "The Committee notes that humanitarian assistance should, in principle, be funded from voluntary contributions; only in those instances where voluntary contributions to meet the cost of humanitarian activities are indispensable for the implementation of a peace-keeping operation (short-term) and fail to materialize could some of those costs be included in the budget of the peace-keeping operation; in this connection the Committee points out that since humanitarian activities such as demobilization usually come in the later stages of a peace-keeping operation there would be time to await the results of an appeal."

In view of the above, the Advisory Committee recommends that the Secretary-General continue vigorously his efforts to attract voluntary contributions for the demining programme, as well as contributions from the Government of Angola.

30. With regard to the proposed revised requirements of $30.6 million for assistance for disarmament and demobilization, the Advisory Committee was informed that these requirements will be supplemented by additional resources as part of the response to an inter-agency appeal for humanitarian assistance to Angola. The Advisory Committee was also informed that the target of the joint appeal for the demobilization and reintegration programme was $107.7 million and that an amount of $27.9 million had been pledged/contributed as at 20 October 1995. The Advisory Committee believes that information should have been provided on the programme of disarmament and demobilization, as a whole, and on its components funded from voluntary contributions, as well as on the role of the Government of Angola and of the specialized agencies of the United Nations in its implementation. The Committee notes from paragraph 176 of

annex II to document A/49/433/Add.1 that the programme of disarmament and demobilization will be conducted under the management of the Unit for Coordination of Humanitarian Assistance, the staffing of which provides for 134 posts to be funded from the assessed budget. The Advisory Committee points out that the Secretariat should have indicated what support, in terms of financing staff costs and other administrative costs, is provided from voluntary contributions to the programme of disarmament and demobilization.

31. The Committee notes from paragraph 158 of annex II to document A/50/651/Add.1 that, within the overall requirements of $30.6 million for the programme of disarmament and demobilization, a total provision of $18.7 million relates to the cost of rations for an estimated 60,000 soldiers over a period of 5 months ($15.6 million) and a 30-day contingency stock of rations for 35,000 soldiers (at a cost of $3.1 million). The Committee was informed that the provision for rations is, to a large extent, a contingency provision that may not be required fully under the assessed budget depending on the availability of voluntary contributions. Furthermore, the Committee notes from paragraph 18 of the report of the Secretary-General to the Security Council (S/1995/1012) that the quartering was finally launched on 20 November 1995 and that "this process is almost one year later than intended and is proceeding at a very slow pace". In view of the delays in the quartering process and taking into account the amount of voluntary contributions for disarmament and demobilization activities ($27.9 million), the Committee recommends that the share of the assessed budget in financing the cost of rations be approved at the level of $9 million.

32. In view of its comments and observations above and taking into account additional information provided by the Secretariat, the Committee recommends that an amount of $250,764,400 gross be appropriated for the period from 9 February to 31 December 1995, inclusive of the amount of $150 million gross for the period from 9 February to 8 August 1995 and $65,912,903 gross for the period from 9 August to 31 December 1995, authorized and assessed in accordance with the terms of paragraphs 5 and 8 of General Assembly resolution 49/227 B of 20 July 1995.

Cost estimates for the period from 1 January to 30 June 1996

33. In the course of its review of the requirements for UNAVEM III for the above period, the Advisory Committee had before it the report of the Secretary-General contained in document A/50/651/Add.2 of 10 November 1995, which was submitted in conformity with the budget cycle established by the General Assembly in its resolution 49/233 A of 23 December 1994.

34. The cost estimates for the maintenance of UNAVEM III during the period from 1 January to 30 June 1996 amount to $171.9 million gross and provide for 7,000 contingent personnel, 350 military observers, 260 civilian police observers, 365 international staff, 349 locally recruited staff and 75 UNVs. The Advisory Committee points out that the number of military and civilian personnel has not changed from what was reflected in document A/50/651/Add.1 and that the cost estimates are based on the assumption of full deployment of military and

civilian personnel during the period under consideration, i.e. from 1 January to 30 June 1996.

35. In the course of its consideration of the cost estimates for the period from 9 February to 31 December 1995, the Advisory Committee was informed of delays in the deployment of civilian personnel and UNVs to the mission area. For example, the vacancy rate as at 31 October 1995 was 43 per cent with regard to Professional staff, 25 per cent with regard to local staff and 68 per cent for UNVs. In the light of this information, the Advisory Committee is not convinced that the assumption of full deployment of all categories of civilian personnel as of 1 January 1996 is realistic. In the view of the Committee, an average vacancy rate of 5 per cent would be a more realistic assumption for the deployment of civilian personnel. Therefore, the Committee recommends that the proposed requirements for civilian personnel costs of $27.2 million for the period from 1 January to 30 June 1996 be reduced by $1.4 million, i.e. by 5 per cent.

36. The Committee notes from paragraph 1 of annex II to document A/50/651/Add.2 that the cost estimates for the period from 1 January to 30 June 1996 are based, where applicable, on the cost parameters as set out in document A/50/651/Add.1 and that, with regard to humanitarian activities, the cost estimates were calculated on the assumption that the requirements for the mine-clearing programme and the five-month demobilization programme would have been met in the previous budgetary period. The Advisory Committee was informed, however, that owing to the delay in the establishment of the demining school, the cost estimate of $430,200 for wages and food supplement for the period from 1 January to 30 June 1996 should be revised to $924,600. The Committee points out that the related reduction in requirements for wages and food supplement for the period from 9 February to 31 December 1995 amounts to $600,100 (see para. 26 above).

37. The Advisory Committee is of the view that its recommendations on rations and contingent-owned equipment concerning the budget period ending on 31 December 1995 would also have an impact on requirements proposed for the period from 1 January to 30 June 1996. Therefore, the Advisory Committee recommends that a pro rata reduction be applied to the proposed requirements for the period from 1 January to 30 June 1996, which would result in reductions of $1,037,900 for rations and $496,500 for contingent-owned equipment. At the same time the Advisory Committee has no objection to the proposed revision in the estimated requirements for wages and food supplement from $430,200 to $924,600 for the demining programme for the period from 1 January to 30 June 1996.

38. In view of the above, the Committee recommends that an amount of $169,376,000 gross be appropriated for the period from 1 January to 30 June 1996 and the amount of $36,698,400 gross be assessed for the period from 1 January to 8 February 1996. In addition, the Committee recommends that, should the Security Council decide to extend the mandate of UNAVEM III beyond 8 February 1996, the General Assembly authorize the Secretary-General, with the prior concurrence of the Advisory Committee, to enter into commitments and to assess, for the period from 9 February to 30 June 1996, at a monthly rate not to exceed $28,229,100 gross.

Financial performance for the combined period from 1 October to 8 December 1994 and from 9 December 1994 to 8 February 1995

39. The Committee notes from paragraph 1 of the introduction to the performance report of the Secretary-General (A/50/651), that the report contains the last performance data for UNAVEM II, since the Mission was entrusted with a new mandate by Security Council resolution 976 (1995) of 8 February 1995, by which it established UNAVEM III. The reported unencumbered balance of $537,900 gross ($502,400 net) for UNAVEM II for the period from 1 October 1994 to 8 February 1995 resulted primarily from savings under personnel costs, equipment, supplies and services, which were partially offset by additional requirements for alterations and renovations of premises and accommodation, rental of two helicopters and an additional fixed-wing aircraft and UNAVEM's share of the cost of producing the "Blue Book" on peace-keeping operations as indicated in paragraphs 3 and 4 of the performance report. With regard to the expenditures relating to the production of the "Blue Book", the Advisory Committee reiterates its recommendation in paragraph 12 of document A/50/802; the Committee also points out that it intends to revert to the consideration of this issue in detail during the next session of the Committee.

40. The Advisory Committee was informed that some of the reported savings represent, in fact, a roll-over into a subsequent budget period, since the Mission could not procure some equipment within the limited time-frame of the budget period. In this connection, the Advisory Committee points out that the performance report should have contained adequate explanation of savings resulting from "insufficient lead-time to procure budgeted items".

41. Paragraph 7 of the performance report indicates that the action to be taken by the General Assembly at its fiftieth session with regard to the financial performance of UNAVEM II would be a decision to credit to Member States the unencumbered balance of $537,900 gross for the period from 1 October 1994 to 8 February 1995 against their assessment in respect of any approved future mandate period of UNAVEM III. The Advisory Committee points out that such a procedure would be consistent with the financial regulations and past practice.

Annex I

CONTRIBUTION PROVIDED IN KIND BY THE GOVERNMENT OF ANGOLA TO UNAVEM III

(In United States dollars)

Location		Description of facilities provided by the Government	Estimated market value per annum
Luanda: UNAVEM headquarters	(a)	20 three-bedroom house @ $3,200 each per month	768 000
	(b)	Land adjacent to 19 houses at Villa Espa	120 000
	(c)	3 Toyota cars @ $20,000	60 000
	(d)	Land being used by Portuguese Contingent	240 000
	(e)	Vienna complex @ $90,000 per month	540 000
	(f)	Airport hangar (900 m^3) @ $20,000 per month	240 000
Lobito	(a)	3 warehouses (6,500 m^3)	320 400
	(b)	Hotel terminus	1 800 000
Uige: Northern region	(a)	Office provided for regional headquarters	336 000
	(b)	Land provided for warehousing	144 000
	(c)	Greenfield sites provided for use of battalions	72 000
Saurimo: North-eastern region	(a)	Office provided for regional headquarters	336 000
	(b)	Land provided for warehousing	144 000
	(c)	Greenfield sites provided for use of battalions	72 000
Luena: Eastern region	(a)	Office provided for regional headquarters	336 000
	(b)	Land provided for warehousing	144 000
	(c)	Greenfield sites provided for use of battalions	72 000
Menongue: South-eastern region	(a)	Office provided for regional headquarters	336 000
	(b)	Land provided for warehousing	144 000
	(c)	Greenfield sites provided for use of battalions	72 000
Huambo: Central-eastern region	(a)	Office provided for regional headquarters	336 000
	(b)	Land provided for warehousing	144 000
	(c)	Greenfield sites provided for use of battalions	72 000

Location	Description of facilities provided by the Government	Estimated market value per annum
Lubango: Southern region	(a) Office provided for regional headquarters	336 000
	(b) Land provided for warehousing	144 000
	(c) Greenfield sites provided for use of battalions	72 000
	Estimated total	7 400 400

Annex II

POLICY ON THE COMMERCIAL LEASE/CHARTER OF AIRCRAFT FOR PEACE-KEEPING OPERATIONS

In general terms, block and additional hours are initially determined by a technical estimate of the requirement and refined over time by analysis of the actual utilization rate of the aircraft involved. The optimum ratio can be affected by mission-specific requirements, geography, type of aircraft, weather and other factors.

Block hours

Determining the optimum number of block hours under the base hire cost takes into consideration the mutual cost-effectivity for both the aircraft operator and the United Nations. The block hours must be high enough for operators to justify the permanent basing of an aircraft in the mission area, but, at the same time, from the perspective of the United Nations, low enough to ensure maximum utilization of the hours, taking into account that payment is based on block hours contracted, regardless of whether the hours were actually utilized or not.

Additional hours

Additional hours are also determined on the basis of the same parameters used for block hours. Moreover, while the number of hours should be below the range that would require additional crew and related costs for the operator, consideration is given for unforeseen contingencies that may arise in the operational activities of the mission. Unlike the terms governing block hours, payment for additional hours is made only on the basis of actual hours flown.

Air crew subsistence allowance

Air crew subsistence allowance within the mission area is paid for by the operator and, as part of the total base hire cost, budgetary provision is included under hire/charter costs. However, for air operations outside the mission area, air crew subsistence allowance is paid for by the United Nations and for which provision is made separately in peace-keeping budgets.